ANNEX 3 - NAMIBIA

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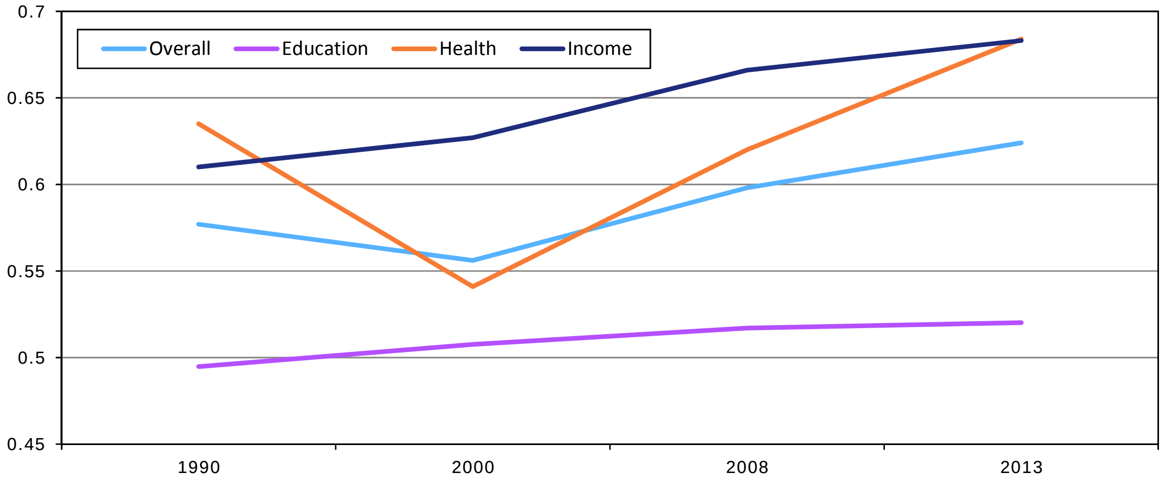
1 ECONOMIC ENVIRONMENT

1.1 Main Features of the Economy

1.1. The Republic of Namibia, on the west coast of Southern Africa, has a land mass of 824,418 km^2 and a population of 2.1 million, making it one of the world's least densely populated countries. Namibia is an upper-middle-income country with a GNI per capita of US$9,185, and is ranked 127th out of 187 countries, with a Human Development Index of 0.624 in 2013.[1] Following a decline in 2000, Namibia has made impressive improvements in its HDI (Chart 1.1). Access to health has improved, as has income per capita. Estimated life expectancy at birth is 64.5 years. Access to education, however, has grown at a slower rate. Namibia's adult mean years of schooling of 6.2 is low compared to the neighbouring countries of Botswana and South Africa.

1.2. Since independence in 1990, Namibia's strong democratic institutions (Section 2.1), abundance of natural resources and good governance have contributed to attracting foreign investment and generating strong economic growth and stability. The urban population has grown from 27.7% of total population at independence to 39.5% in 2013. Nonetheless, Namibia continues to suffer from persistently high unemployment and income inequality. For instance, the youth unemployment rate (15-24 years) averaged 34.3% in 2008-12.[2] Namibia has one of the world's highest Gini coefficients, measured at 63.9 in 2013.[3]

Chart 1.1 Namibia's Human Development Index trends, 1990-2013



Source: UNDP. Viewed at: http://hdr.undp.org/en/data.

1.3. The Namibian economy relies primarily on the mining sector and is heavily dependent on the extraction and processing of minerals for export (Section 4.5). Namibia is an important source of gem-quality diamonds and was the world's fifth largest uranium producer in 2013. Namibia also produces large quantities of zinc and is a small producer of gold and other minerals. Although the mining sector contributes on average about 10% of GDP, it employs a relatively small proportion of the work force, given the sector's capital intensity. Namibia's economic performance is in large part determined by global demand for commodities, and therefore a global slowdown can have an adverse impact on the economy.

1.4. Agriculture also plays an important role in Namibia's economy, employing about 30% of the labour force, though its contribution to GDP is modest (Table 1.1). The livestock sector suffered due to a protracted drought in 2013 which led to a significant increase in livestock marketed. Similarly, agricultural output fell due to a decline in crop production fuelled by drought conditions. Given its arid climate, Namibia's agricultural output is highly vulnerable to climatic factors.

[1] UNDP, Human Development Index (2014).
[2] UNDP, Human Development Index (2014).
[3] UNDP, Human Development Index (2014).

1.5. The services sector is the largest in terms of its contribution to real GDP (60.1% in 2014, up from 54.9% in 2008). Wholesale and retail trade, real estate and business services, public administration and defence, and education are the largest components of services. The contribution of manufacturing declined over the period surveyed, from 12.1% in 2008 to 10.5% in 2014.

Table 1.1 Selected macroeconomic indicators, 2008-14

	2008	2009	2010	2011	2012	2013	2014[a]
GDP at current prices (N$ million)	69,910	75,208	82,534	90,120	106,895	124,863	145,744
GDP at current prices (US$ million)	8,462	8,876	11,273	12,411	13,020	12,932	13,429
GDP at constant 2010 prices (N$ million)	77,448	77,890	82,534	86,805	91,292	95,954	100,249
% change (annual growth)	2.4	0.6	6.0	5.2	5.2	5.1	4.5
Nominal GDP per capita (US$)	4,701	4,931	6,263	5,910	6,200	6,158	6,395
Population (millions)	1.8	1.8	1.8	2.1	2.1	2.1	2.1
Unemployment, total (% of total labour force)	37.6	..	22.1	26.8	16.7	..	..
Inflation (period average)	9.1	9.5	4.9	5.0	6.7	5.6	5.4
GDP by expenditure at constant 2010 prices				**(Annual % change)**			
Final consumption expenditure	11.1	11.0	-3.0	8.4	7.5	10.8	11.1
Private	11.4	14.0	-4.6	9.0	9.2	13.5	12.8
General government	10.2	3.8	1.0	6.7	3.4	3.4	6.0
Gross fixed capital formation	18.0	14.5	-1.2	-4.4	31.8	13.8	18.5
Changes in inventories[b]	2.1	-4.0	0.5	0.0	1.5	-2.6	1.7
Gross domestic expenditure	14.5	8.0	-2.3	5.6	13.9	9.3	14.4
Exports of goods and services	-4.4	1.8	2.8	-3.3	1.4	9.8	-6.2
Imports of goods and services	18.7	15.4	-10.2	-0.8	19.9	16.2	15.7
Discrepancy	0.0	0.2	0.1	-0.1	0.2	0.1	0.2
GDP distribution by type of economic activity (at constant 2010 prices)				**(% of GDP)**			
Agriculture and forestry	4.6	4.9	5.1	4.9	5.0	3.5	3.6
Fishing and fish processing on board	2.8	3.8	3.5	3.1	2.8	2.7	2.5
Mining and quarrying	13.3	9.0	10.4	9.4	11.1	10.7	9.8
Diamond mining	8.9	4.2	5.7	5.3	5.7	5.8	6.2
Uranium	2.0	2.2	2.2	1.5	1.9	1.6	1.4
Metal Ores	1.5	1.5	1.4	1.2	1.5	1.0	1.0
Other mining and quarrying	0.9	1.1	1.1	1.4	2.1	2.2	1.2
Manufacturing	12.1	12.3	12.5	12.5	11.1	10.9	10.5
Electricity and water	2.3	1.9	1.9	1.8	2.0	2.0	2.0
Construction	3.8	3.1	3.2	3.5	3.6	4.5	4.9
Wholesale and retail trade, repairs	10.1	11.1	11.2	11.3	11.2	12.2	12.7
Hotels and restaurants	1.6	1.7	1.7	1.8	1.8	1.9	2.0
Transport, and communication	4.4	5.1	5.1	5.1	5.3	5.3	5.4
Financial intermediation	5.6	5.4	5.6	5.6	5.7	6.3	6.5
Real estate and business services	8.1	9.0	8.6	8.7	8.6	8.6	8.5
Community, social and personal service activities	2.9	2.8	2.7	2.9	2.2	2.2	2.2
Public administration and defence	10.9	11.4	11.0	11.0	10.8	10.6	10.7
Education	7.4	7.6	7.1	7.9	7.9	7.8	7.9
Health	2.8	3.0	3.1	3.1	3.1	3.1	3.2

	2008	2009	2010	2011	2012	2013	2014[a]
Private household with employed persons	0.9	1.0	1.0	1.1	1.1	1.0	1.0
Less: Financial intermediation services indirectly measured	1.1	1.1	1.2	1.3	1.3	1.4	1.5
Taxes less subsidies on products	7.4	8.0	7.5	7.5	7.8	8.3	8.4
GDP at market prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	(% of GDP, unless otherwise indicated)						
External sector							
N$/US$ (annual average)	8.3	8.5	7.3	7.3	8.2	9.7	10.9
Nominal effective exchange rate indices (period average, Jan 2004 = 100)[c]	83.3	86.8	98.7	97.6	89.8	77.9	69.2
Real effective exchange rate Indices (period average, Jan 2004 = 100)[c]	96.9	108.5	125.5	126.5	121.4	115.2	105.8
Current account balance as a share of GDP (%)	3.2	-1.4	-3.4	-2.8	-5.8	-4.0	-6.6
Gross official reserves (US$ million, end of period)	1,351	1,846	1,495	1,762	1,705	1,515	1,180
Months of imports of goods and services	5.7	4.0	2.9	3.8	2.8	2.4	1.9
External debt[d]	23.4	20.8	24.6	41.7	32.7	37.0	40.7
Public finance[e]							
Overall balance	2.1	-1.1	-7.4	-5	-0.7	-3.5	-5.1
Revenue and grants	33.0	31.7	31.1	27.7	33.4	32.0	35.0
Expenditure and net lending	30.9	32.8	38.5	32.7	34.1	35.5	40.1
Public debt standing	17.9	17.9	15.7	26.6	24.6	23.6	22.9

a Estimate.
b Changes in inventories include only livestock, ores and minerals.
c An increase in the index indicates an appreciation of the national currency.
d Includes government, parastatals and private sector debt.
e Fiscal year.

Source: Bank of Namibia, Annual Reports 2012, 2013, and 2014; Bank of Namibia, *Quarterly Bulletins (December 2014)*. Viewed at: https://www.bon.com.na/CMSTemplates/Bon/Files/bon.com.na/0e/0e84cc54-0307-46de-90ef-d2c766d9fb71.pdf; Bank of Namibia, *Economic Outlook Update (December 2014)*. Viewed at: https://www.bon.com.na/CMSTemplates/Bon/Files/bon.com.na/b5/b5fa42ca-25a5-40f5-be05-b2e4e25c7b92.pdf; Online information from Namibia Statistics Agency. Viewed at: http://www.nsa.org.na/publications/; Bank of Namibia, Exchange Rates and Indices. Viewed at: https://www.bon.com.na/Economic-information/Statistical-information/Exchange-Rates-and-Indices.aspx; IMF online information, "International Financial Statistics". Viewed at: http://elibrary-data.imf.org/DataExplorer.aspx; and World Bank's World Development Indicator database. Viewed at: http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=world-development-indicators.

1.2 Recent Economic Developments

1.6. Namibia's economy recovered quickly from the global economic crisis: after growing by only 0.6% in 2009, it expanded by 5% or more annually during 2010-13. In 2013 growth was 5.1%, reflecting the effects of the drought on crop and livestock production and a slowdown in electricity generation and the mining sector, particularly diamond production. The Bank of Namibia projected the economy to expand by 4.5% in 2014, and 5.6% in 2015. Growth is expected to be driven mostly by increased construction in the mining sector. Agriculture is expected to rebound from a contraction in 2013, and further growth is expected due to positive developments in the mining and construction sectors. A recent study conducted by the National Planning Commission (NPC) concluded that increased capital expenditure and government investment in the construction sector had resulted in growth of 19% on average in 2011-13, and had created employment, though below that envisaged.[4]

[4] National Planning Commission, *Annual Report 2013/2014*.

1.7. In 2004, Namibia adopted Vision 2030 which spells out the country's medium-term development programmes and strategies to achieve its national objectives. Its goal is to improve the quality of life of the people of Namibia to the level of their counterparts in the developed world by 2030, with an unemployment rate of less than 5%, and the manufacturing and services sectors constituting 80% of GDP. The NPC is responsible for managing Vision 2030.

1.8. National Development Plans (NDPs) are the main vehicles for translating the Vision into action. NDP4, which was launched in 2012 and covers the period up to 2017, differs from its predecessor NDP3 in that it focuses only on three overarching goals, namely economic growth, employment creation and reduction in inequality. The NDP4 target for economic growth in 2013/14 was 6.1% (against 4.4% realized); the unemployment rate for 2013 was 29.6% (against 27.4% the previous year); and the Gini coefficient remained constant at 0.58 (the NDP4 target is 0.5).[5]

1.9. The Targeted Intervention Programme for Employment and Economic Growth (TIPEEG) was introduced during the 2011/12-2013/14 Medium-Term Expenditure Framework period with the objective of creating 104,000 direct and indirect jobs between 2011 and 2014. The primary objective of the programme is to create employment opportunities, both permanent and temporary, by focusing on selected economic sectors and public works, ensure speedy implementation, by introducing suitable conditions and modalities under which capital projects are implemented, and put in place the required infrastructure necessary for economic growth.

1.10. In 2011, the New Equitable Economic Empowerment Framework (NEEEF) was introduced in Parliament. The objective of NEEEF is to encourage firms to bring previously disadvantaged Namibian shareholders on board, to train and promote them into senior management positions, to use procurement to stimulate more local businesses, and to promote the well-being of the communities in which they operate. Companies wanting to do business with Government or requiring licences from Government would have to be scored on each of NEEEF's five pillars, three of which are mandatory (ownership, management control and employment equity, and human resources and skills development). Under-performance in any pillar can be compensated by over-performance in others. The NEEEF will be in force for 25 years.[6]

1.11. The Bank of Namibia formulates monetary policy with the primary objective of price stability in order to support sustainable economic growth and financial stability. Inflation generally tracks that of South Africa due to the currency peg to the South African rand through Namibia's membership in the Common Monetary Area (CMA), and strong trade links between the two countries. Thus, in practice, monetary policy is largely set by the South African Reserve Bank and Namibia has limited scope for tackling inflation. The South African rand is legal tender in Namibia (though not vice-versa). The annual inflation rate as measured by the consumer price index (CPI) averaged 6.8% during 2008-13 (down from 6.9% over 2000-07). Inflation fell from 9.1% in 2008 to 5.4% in 2014 (Table 1.1), largely on account of a slowdown in pressures from food and transport prices.

1.12. Given its CMA membership, Namibia has used fiscal policy as a major countercyclical tool to promote economic growth. It has generally pursued prudent fiscal policies since independence. Over the period surveyed, Namibia's public sector balance deteriorated from a surplus of 2.1% of GDP in 2008 to deficit of 3.5% in 2013 and was expected to reach a deficit of 5.1% in 2014 (Table 1.1). This was in large part due to expansionary fiscal policies pursued in the aftermath of the global downturn in 2009 and aimed at stimulating growth and creating employment. Other factors that contributed to a widening of the fiscal deficit include a large public sector wage bill which accounts for 14% of GDP. Total revenue and grants, as a percentage of GDP, averaged 32% over the period surveyed, while expenditure and net lending grew from 30.9% of GDP in 2008 to 40.1% in 2014. Public debt remains sustainable (22.9% of GDP in 2014), down from a peak of 26.6% in 2011, and significantly below Namibia's fiscal benchmark of 35% of GDP. SACU revenues accounted on average for 35% of total revenue in the period 2010-14. Namibia has one of the highest tax rates in Southern Africa, with a top individual tax rate of 37%. In order to encourage investment, the corporate tax rate was reduced from 34% to 33% effective 1 April 2013, and 32% effective 1 April 2014.

[5] National Planning Commission, *Annual Report 2013/2014*. This figure for the Gini coefficient differs from that of the World Bank.

[6] British High Commission Windhoek, *Doing Business in Namibia: A Guide for UK Companies 2014*.

1.3 Trade Performance and Investment

1.13. Namibia's economy is highly dependent on international trade with an average trade to GDP ratio of 95.6% in the period 2011-13. In 2013, Namibia ranked 88th among world merchandise exporters (excluding intra-EU trade), and 85th among importers. In services trade, Namibia ranked 109th among exporters and 120th among importers.[7]

1.14. Namibia's external current account recorded uninterrupted surpluses from independence till 2009, when the previous year's surplus of 3.2% of GDP turned negative. During 2009-13, Namibia's current account deficit averaged 3.5% and was expected to reach 6.6% in 2014 (Table 1.1). Namibia has been running a growing merchandise trade deficit, from US$658 million in 2008 to US$2,394 million in 2014 (Table 1.2).

1.15. Mining, especially diamonds, dominates exports. Exports of diamonds alone accounted for 21.1% of total exports in 2013, up from 16.5% in 2008 (Chart 1.2). Other exports include metal ores and metals, and fish, beverages and animal products. Namibia's exports were traditionally highly concentrated towards South Africa and Europe, but this changed in 2013 following the relocation of De Beers' London-based rough diamond sales to Gaborone. Exports to Botswana are up from 0.5% of total exports in 2008 to 13.7% in 2013 (Chart 1.3), while those to the United Kingdom fell from 15% to 2.1% over the same period (Table A1.4). Exports to EFTA countries, particularly Switzerland, have more than doubled from 4.2% of total exports in 2008 to 9.8% in 2013.[8] With the exception of South Africa and Angola, exports to other African countries in the region have increased, albeit from a modest base.

1.16. The bulk of Namibia's non-mineral exports benefit from preferential access for beef, fish and grapes to the EU (about 10% of total export earnings).

1.17. Namibia's main imports are food, fuel, automotive products and transport equipment. Chemicals, mining ores and non-electrical machinery are also important (Chart 1.2). Imports are mainly from South Africa: 61.8% of total imports in 2013, down from 67.8% in 2008 (Chart 1.3). Imports from EU (28) almost halved from 2008 to 2013, while those from EFTA countries grew more than six-fold, from 0.9% to 6.2%. Imports from Botswana, Zambia and Tanzania increased over the period, though from a low base.

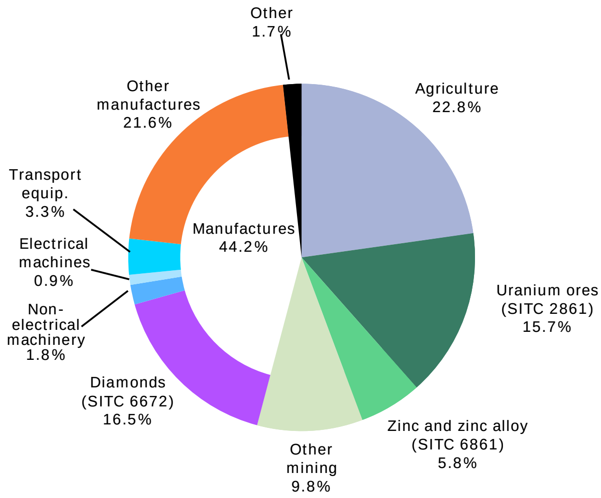
[7] WTO statistics database. Viewed at: http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=NA.

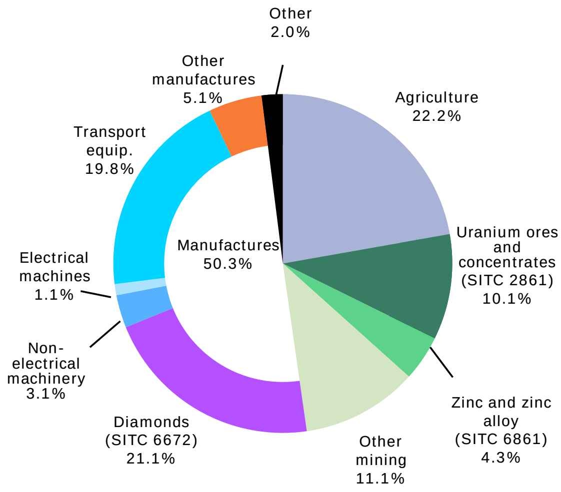
[8] The EFTA-SACU FTA entered into force in 2008.

Chart 1.2 Product composition of merchandise trade, 2008 and 2013

2008 | **2013**

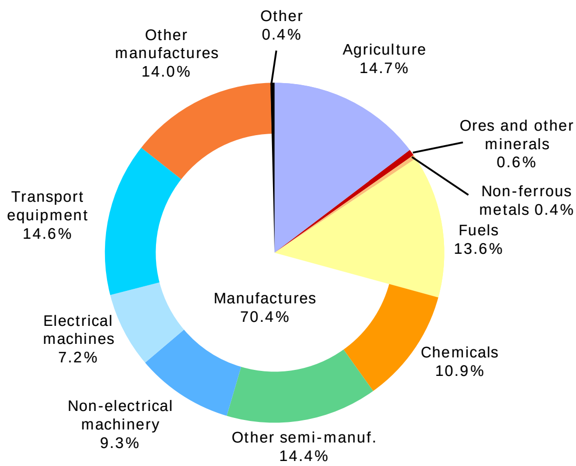
(a) Exports (f.o.b.), including re-exports

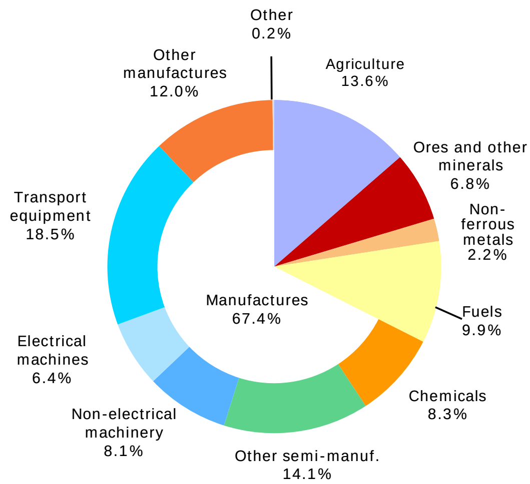




Total: US$4.7 billion | **Total: US$6.3 billion**

(b) Imports (c.i.f.)

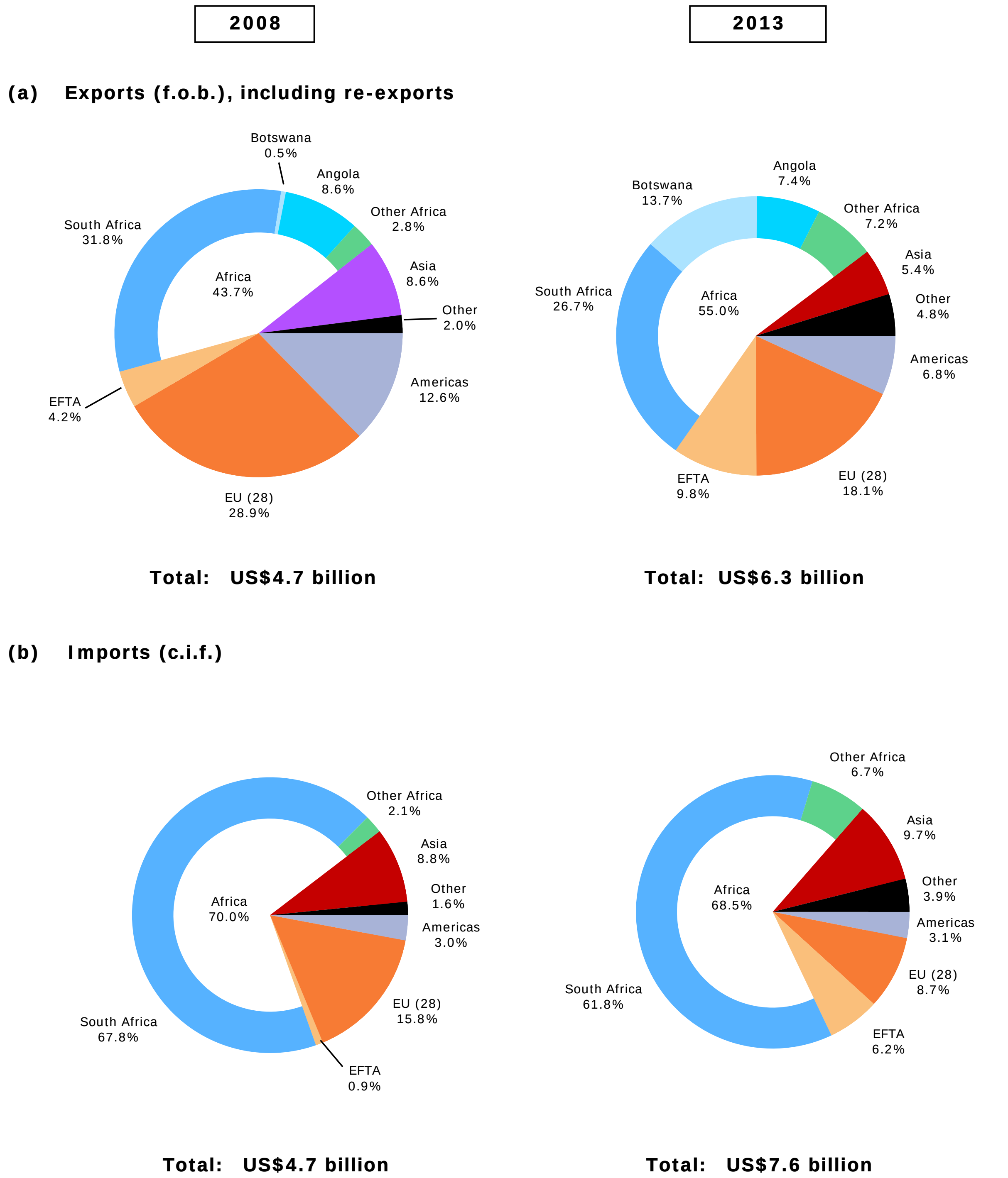




Total: US$4.7 billion | **Total: US$7.6 billion**

Source: UNSD, Comtrade database (SITC Rev.3).

Chart 1.3 Direction of merchandise trade, 2008 and 2013



Source: UNSD, Comtrade database.

1.18. Balance-of-payments data indicate that, from 2008-13, Namibia was both a net importer and exporter of services (in contrast to the last review period when Namibia was usually a net exporter). In 2013, Namibia recorded a small deficit of US$54 million, down from a surplus of US$352 in 2012, reflecting an increasing deficit in transportation services and a declining surplus in other private services (Table 1.2).

Table 1.2 Balance of payments, 2008-14

(US$ million)

	2008	2009	2010	2011	2012	2013	2014
Current account balance	272	-123	-385	-354	-752	-521	-888
Merchandise trade	-658	-1,220	-1,118	-1,129	-2,162	-1,997	-2,394
Exports f.o.b.	3,190	3,101	4,011	4,399	4,365	4,632	4,418
Diamonds	792	538	827	881	1,005	1,212	1,290
Other mineral products	938	725	939	926	850	769	671
Food and live animals	364	371	494	560	447	454	348
Manufactured products	865	736	891	979	800	764	890
Other commodities and re-exports	229	731	860	1,053	1,264	1,434	1,217
Imports f.o.b.	-3,848	-4,321	-5,129	-5,528	-6,527	-6,629	-6,812
Services (net)	-43	70	-48	-38	352	-13	-54
Transportation (net)	-118	-79	-93	-108	-135	-281	-300
Travel (net)	264	279	293	310	332	285	259
Insurance (net)	-10	-14	-27	-28	-77	-71	-72
Other private services (net)	-188	-126	-231	-223	223	47	52
Other government services (net)	9	9	10	11	9	8	7
Compensation of employees (net)	-29	-4	-15	-14	-7	-6	-3
Investment income (net)	-122	-153	-418	-320	-514	-80	-110
Current transfers in cash and kind (net)	1,123	1,185	1,214	1,148	1,580	1,576	1,674
Government - current transfers	1,107	1,169	1,198	1,131	1,564	1,559	1,661
development assistance	164	192	304	241	146	126	113
from SACU	959	1,011	937	914	1,478	1,501	1,591
withholding taxes	23	20	19	29	21	15	31
other transfers received	16	17	20	21	20	17	15
transfer debits (mainly SACU)	-55	-71	-83	-75	-102	-101	-90
Private - current transfers	17	16	16	17	17	17	13
Capital and financial account	-145	47	172	1,104	1,267	707	971
Net capital transfers	76	66	110	186	148	129	138
Direct investment abroad	-5	3	-4	-5	11	13	34
Direct investment in Namibia	720	506	793	816	1,133	801	414
Portfolio investment	-1,020	-897	-633	28	-594	-492	-350
Other investment – long-term	261	532	-20	201	105	500	854
Other investment – short-term	-178	-163	-74	-123	464	-243	-118
Net errors and omissions	-126	196	-305	-184	-487	-124	-246
Overall balance	752	121	-518	567	28	62	-163

Source: Bank of Namibia. Balance of payments information. Viewed at: https://www.bon.com.na/Economic-information/Statistical-information/Balance-of-payments.aspx.

1.19. Investment, as measured by gross fixed capital formation, grew on average by 12% per year during 2008-13 (Table 1.1). Mining absorbs the bulk of private investment. Total investment flows into Namibia as a proportion of GDP averaged 6-7% per year over 2008-13 (Table 1.3), which places Namibia ahead of its SACU partners in terms of attracting FDI. According to the authorities, about 80% of the stock of FDI in Namibia comes from South Africa.[9]

Table 1.3 Foreign direct investment, 2008-14

	2008	2009	2010	2011	2012	2013	2014
	(US$ million)						
Flow							
Direct investment in Namibia	721	508	792	817	1 133	801	399
Direct investment abroad	-5	3	-4	-5	11	13	34
Stock							
Direct investment in Namibia	3,518	4,286	5,347	5,149	3,612	4,039	3,738

[9] Namibia does not currently capture FDI data by industry, but the authorities indicate that a project to capture more segregated data is expected to be launched in 2016.

	2008	2009	2010	2011	2012	2013	2014
Direct investment abroad	11	68	51	43	60	32	102
	(as a percentage of GDP)						
Flow							
Direct investment in Namibia	8.2	5.7	7.3	6.5	8.7	6.1	3.0
Direct investment abroad	-0.1	0.0	-0.0	-0.0	0.1	0.1	0.3
Stock							
Direct investment in Namibia	39.8	48.1	49.0	40.7	27.6	30.8	28.4
Direct investment abroad	0.1	0.8	0.5	0.3	0.5	0.2	0.8

Source: Data provided by the Bank of Namibia.

1.4 Outlook

1.20. During the period of NDP4 (2013-17) Namibia is focusing its energy and resources on areas with the greatest potential to address its development challenges. NDP4 has three goals: faster and sustainable economic growth; the creation of employment opportunities; and enhanced income equality. The expansion of the country's transport infrastructure to promote Namibia as a regional hub in Southern Africa, the development of new mines, and the exploitation of offshore gas resources, which will enable Namibia to become a net energy exporter, should lay the foundation for continued economic growth in the coming years. The construction sector will remain one of the key growth drivers, buoyed by construction requirements associated with several large-scale infrastructural initiatives such as the Walvis Bay expansion project. The mining sector is also expected to continue to expand.

1.21. Namibia's record of sound macroeconomic management, low inflation, and the stability conferred by its currency peg to the South African rand have fostered integration with its regional partners, particularly South Africa. However, the currency peg provides limited discretion in monetary and exchange rate policies and Namibia's inflation rate largely tracks that of South Africa. As a small open economy highly dependent on the export of commodities and agricultural goods, Namibia remains vulnerable to external shocks which can give rise to macroeconomic instability. Further diversification of the economy and continued growth in services sectors would help mitigate these risks.

1.22. Socio-economic challenges, such as unemployment and income inequality, may prove more intractable. Namibia urgently needs to address its high unemployment rate, particularly among urban youth, and to accelerate programmes to reduce widespread poverty and mitigate urban-rural disparities. Encouraging domestic and foreign investment, and continuing efforts to implement policies to create a regulatory environment that fosters private sector development will enhance the business environment and promote competitiveness and investment, thereby facilitating development spill overs.

2 TRADE AND INVESTMENT REGIMES

2.1 General Framework

2.1. Namibia gained independence from South Africa in 1990, thus becoming one of Africa's youngest republics. The President, who is the head of state and the commander-in-chief of the army, is elected every five years. Under the Constitution the President is limited to serving two five-year terms. In November 2014, a new President was elected in Africa's first electronic ballot, in which voters made their choice using e-voting machines at the 4,000 polling stations across Namibia. The President assumed office in March 2015.[1] Following a constitutional amendment in 2014, Namibia also has a Vice-President for the first time. The President chooses a member of the National Assembly to become Vice-President.

2.2. Following the 2014 constitutional amendments, the National Assembly has increased in size and now consists of 96 elected members and 8 non-voting members appointed by the President (up from 72 members and 6 non-voting members). National Assembly MPs are elected every five years through a system based on proportional representation. Non-voting members are appointed by the President for their special expertise, status, skill or experience. The second chamber of Parliament, the National Council, is made up of representatives from the 13 regions, elected in separate elections on the basis of "first past the post" in each regional constituency.

2.3. The Government is divided into three branches: the executive, responsible for the implementation of laws; the legislature, with responsibility for law making; and the judiciary which handles law enforcement and interpretation. Executive powers in Namibia are vested in the President and the Cabinet, who initiate laws and ensure that they are implemented. Legislative power resides with Parliament, i.e. the National Assembly and the National Council with the National Assembly playing the dominant role. The powers of the judiciary lie with the courts of Namibia – the Supreme Court, the High Court and the Lower Courts.[2] Namibia does not have a specialized commercial court.

2.4. Legislation must pass through both houses of Parliament. The National Council can only advise on bills and does not enjoy veto power. Although bills can in theory be suggested by anyone, including MPs, the Law Reform Development Commission, NGOs and individuals outside Parliament, in practice the Government has initiated nearly all legislation since independence. The idea for a law is first presented to the Attorney General who checks that it is in keeping with the Constitution. A draft bill is then submitted to the Cabinet Committee on Legislation (CCL), which will decide if the bill is ready to go to the whole Cabinet for approval. If Cabinet approves the principle of the bill, the Ministry of Justice's legal drafters finalize the language, before sending it back to the sponsoring Ministry, the CCL and the Attorney General for final approval. The time lag between a Ministry initiating a law and a bill coming before the National Assembly can sometimes be several years. Delays have been blamed on a shortage of legal drafters in the Ministry of Justice. Sometimes, prior to Cabinet approval, draft laws are made available to the public or distributed to certain stakeholders for comment. The public can also ask for a copy of a draft law from the relevant ministry.[3] All Acts are published in the Government Gazette. Electronic copies of the laws can be found on Namibia's Legal Assistance Centre website.[4]

2.5. Namibia's customs-related issues are mostly set at the regional level within the context of SACU (Main Report, Section 2). On the domestic front, in areas not covered by the SACU Agreement, the Ministry of Industrialization, Trade and SME Development is the main custodian for the formulation and implementation of trade policy, which are applied in line with its obligations to the regional and multilateral trading system.

2.6. Other institutions that have important input into Namibia's trade-related policies include the Ministries of Finance; Mines and Energy; Fisheries and Marine Resources; Agriculture, Water and Forestry; Environment and Tourism; Works and Transport; Foreign Affairs; and Information and Communication Technology; as well as the National Planning Commission in the Office of the

[1] In March 2015, the outgoing President was awarded the US$5 million Mo Ibrahim prize for African leadership. The award is given to an elected leader who governs well, raises living standards and leaves office.

[2] Institute for Public Policy Research (2015).

[3] Institute for Public Policy Research (2015).

[4] Viewed at: http://www.lac.org.na/laws/lawsindex.php#1990.

President; the Namibia Financial Institutions Supervisory Authority (NAMFISA); and the Bank of Namibia. Other important sector-specific statutory authorities and agencies that fulfil trade-related functions include the Namibia Statistics Agency, the Namibian Investment Centre, the Namibian Standards Institution, Namport, the Offshore Development Company and the Namibia Tourism Board. Private sector participation in trade-related policies is represented by the Namibia Trade Forum, the Agricultural Trade Forum, the Namibia Manufacturing Association and the Namibia Chamber of Commerce and Industry.

2.7. Namibia's Board of Trade, which is in the process of being established, will be responsible for tariffs, safeguards, anti-dumping and countervailing duties, and import and export procedures. An interim head of the Board of Trade was expected to be appointed at the beginning of 2015. The International Trade Management Bill that will create the Board of Trade is expected to be finalized in December 2015.

2.8. There is a realization in Namibia that trade policy should be business-driven. The Government seeks to maintain a dialogue with the private sector on an ad hoc basis. Private-sector interests are represented by a number of bodies including the Namibia Trade Forum, the Namibia National Chamber of Commerce and Industry and the Namibian Manufacturing Association. Trade policies are normally applied to benefit the business sector and domestic industries in particular. The process is in most cases initiated by industry, which approaches the Ministry of Industrialization, Trade and SME Development with proposals for a certain measure to be taken. The Ministry then calls for consultation of all stakeholders including NGOs in order to assess whether or not there is a need for a proposed measure.

2.9. The Namibian-based independent Institute for Public Policy Research (IPPR) provides analytical research on social, political and economic issues, including trade. Other independent research bodies are the University of Namibia and the Polytechnic of Namibia.

2.10. Various pieces of trade-related legislation have been enacted, revised or amended since 2008 (Table 2.1).

Table 2.1 New trade-related laws and regulations since 2008

Subject	Legislation
General	Namibia Institute of Public Administration and Management Act, 2010 Statistics Act, 2011 National Planning Commission Act, 2013
Agriculture	Agricultural (Commercial) Land Reform Amendment Act, 2013 and 2014 Tobacco Products Control Act, 2010
SPS	Plant Quarantine Act, 2008 (commenced 2012) Animal Health Act, 2011 Animal Identification Regulations, 2009 Controlled Wildlife Products and Trade Act, 2008
Environment	Flexible Land Tenure Act, 2012 Water Resources Management Act, 2013 Communal Land Reform Amendment Act, 2013
Competition	Companies Act, 2004 (entered into force 2010) Companies Administrative Regulations, 2010 Competition Act, 2003 (in force since 2008) Amendment of Tender Board Regulations, 2013
Government procurement	State-owned Enterprises Governance Amendment Act, 2008
Intellectual property rights	Industrial Property Act, 2012
Communication	Communications Act, 2009
Mining	Minerals (Prospecting and Mining) Amendment Act, 2008

Subject	Legislation
Financial	Banking Institutions Amendment Act, 2010 Financial Intelligence Act, 2012 Financial Intelligence Regulations, 2012 Unit Trusts Control Amendment Act, 2011 Pension Funds Amendment Act, 2011 and 2014 Credit bureau Regulations, 2014 Long Term Insurance Amendment Act, 2011 Amendment of Long-Term Insurance Regulations, 2013 Amendment of Pension Funds Regulations, 2013 Inspection of Financial Institutions Amendment Act, 2011
Transport	Road Traffic and Transport Amendment Act, 2008

Source: WTO Secretariat, based on online information. Viewed at: http://www.lac.org.na/laws/lawsindex.php.

2.11. Trade and investment form an integral part of Namibia's overall economic policy as outlined in NDP4. In NDP4, four economic sectors – logistics, tourism, manufacturing and agriculture enjoy priority status. The Government seeks to attract foreign investment and promote exports with the goal of having not less than 70% of total exports made up of processed goods. Trade plays a leading role in achieving NDP4's goals of economic growth, employment creation and reducing inequality. The Government aims to use procurement to stimulate more local business.

2.12. Namibia aims to become a regional logistics hub, and plans during the NDP4 period to upgrade and expand infrastructure needed to accommodate increased regional trade flow volumes. One of the key infrastructural projects is the expansion of the port of Walvis Bay to accommodate the ocean-liner class of container ships and reduce their turnaround time to 24 hours. Rail connections to Angola, Botswana and Zambia are in the process of being upgraded. The Government intends to pursue international and bilateral agreements on the setting up of one-stop border posts to ensure that the flow of cross-border trade is as efficient as possible, and to address cabotage concerns.

2.2 Trade Agreements and Arrangements

2.13. Namibia is a member of the WTO, the African Union, SACU and SADC.

2.2.1 WTO

2.14. Namibia has been a Member of the WTO since 1995. It extends at least MFN treatment to all its trading partners. The WTO Agreements have been incorporated into Namibia's domestic legislation and thus can be invoked before national courts. Namibia is not a party to the Information Technology Agreement or to any of the plurilateral agreements concluded under the WTO.

2.15. Between 1 January 2008 and 31 December 2014, Namibia made a total of 18 notifications to the WTO, under respectively the Agreement on Subsidies and Countervailing Measures (six notifications), the Agreement on Agriculture (four), the Agreement on Import Licensing (two), GATT Article XVII (state trading - two), the Agreement on TBT (three) and GATT Article XXIV (RTAs - one). Namibia has not been involved in any disputes under the WTO. Namibia participates in the Doha negotiations and shares the views of, *inter alia*, the ACP Group, the African Group, the G-90, NAMA 11 and "W52" sponsors. During the period 2008-2014, Namibia continued to be an important beneficiary of the technical assistance and training furnished by the WTO, participating in 230 activities over six years.

2.2.2 Regional and preferential agreements

2.16. In addition to its membership in SACU and SADC and their RTAs with third parties (see Main Report), Namibia maintains a bilateral FTA with Zimbabwe that entered into force in 1992. The agreement provides for duty-free treatment for goods grown, produced or manufactured in one of the parties when exported to the other party. Manufactured goods qualify for duty-free treatment if they have at least 25% local content and the last process of manufacture (which must take place in one of the parties) is substantial and sufficient to change the nature of the product and give it a new, essential and distinct characteristic and the final product presents a completely new product or at least an important stage in the manufacturing process.

2.2.3 Other agreements and arrangements

2.17. Namibia was among the 34 countries initially declared eligible for the programme established by the United States under the African Growth and Opportunity Act (AGOA) in October 2000 (Main Report, Section 2.3.5).[5] U.S. imports from Namibia are modest, at US$256 million in 2014. None of these imports entered under AGOA preferences.[6] Most Namibian exports to the U.S. are made up of minerals such as industrial diamonds and uranium which are exported in raw form and subject to zero duties.

2.3 Investment Regime

2.18. Namibia's investment framework remains largely the same since the last TPR in 2008. The 1990 Foreign Investment Act and its 1993 amendments provide the broad framework for investment in Namibia. The authorities indicate that the Act is currently under review in order to make it relevant to the current environment. Proposed changes include: to provide a definition of domestic and foreign investors as well as investment; to reserve some economic subsectors for local investors; to ensure that admission procedures for foreign investors are transparent and smooth; to make investor registration compulsory and hence introduce a crucial aspect of investor tracking and post investment management; and to establish clear guidelines for investor dispute procedures.

2.19. Namibia provides a series of tax incentives for manufacturers and exports (see Table 4.10).

2.20. Almost all economic activities are open to foreign investors. Local-participation requirements apply to fishing under "Namibianization" policies and mining. The Tender Board Act 1996 is being amended to accommodate clauses that require local participation in order to improve local empowerment and ensure skills transfer. In 2010, regulations were published prohibiting foreigners from becoming engaged in a range of small businesses including retail businesses, taxi and shuttle services, and hairdressing and beauty treatment.[7] As of May 2015, no additional investment restrictions are in place and no local participation is required to make an investment.

2.21. In principle, the Foreign Investment Act grants foreign investors the same treatment as domestic investors, though the Act grants government the right to impose restrictions. The recent decision to vest all rights in respect of strategic minerals in Epangelo (Section 4.5) may lead to a dampening effect on investment in the mining sector. No foreign national is allowed to acquire agricultural land without the prior consent of the Minister of Lands.

2.22. The Namibia Investment Centre (NIC), which operates as a Department within MITSD, serves as Namibia's official investment promotion and facilitation office.[8] The Namibia Chamber of Commerce and Industry and some smaller agencies are also involved in the promotion and attraction of investment. The NIC offers comprehensive services that range from the initial enquiry stage, through promoting and facilitating joint venture arrangements, to issuing a Certificate of Status of Investment (CSI). There is no prescribed fee for the CSI. Foreign investment approval is only required where the investor is applying for a CSI. The Certificate grants favourable and unrestricted access to foreign currency for the payment of loans, royalties, profits and dividends. Investments by foreign nationals are eligible for such a Certificate if the investment is not less than N$2 million (or acquisition of not less than 10% of the share capital of a Namibian company), and the investment project contributes to Namibia's development objectives and utilizes Namibian resources, including labour and natural resources. Since the entry into force of the Investment Act, a total of 130 Certificates of Status of Investment have been issued.

[5] Viewed at: http://trade.gov/agoa/. The AGOA is covered by a waiver of the United States' GATT obligations (WTO document WT/L/754, 29 May 2009). The waiver for AGOA is due to expire in September 2015.
[6] U.S. International Trade Commission. Viewed at: http://dataweb.usitc.gov/.
[7] Government Gazette, No. 75, 15 April 2010.
[8] The NIC produces an annual publication on the Cost of Doing Business in Namibia. The last issue of this publication available on NIC's website is for 2010.

2.23. The Investment Act reiterates the commitment contained in Article 16 of Namibia's Constitution to market compensation in the case of expropriation. Holders of Certificates of Status of Investment must be compensated in foreign currency and can opt for international arbitration in case of disputes. Investors without a CSI have to refer any disputes to the Namibian courts, or to the court system that has jurisdiction according to the investor's contract. Namibia has signed, but not ratified, the Convention on the Settlement of Investment Disputes between States and Nationals of Other States.

2.24. Namibia is an attractive destination for foreign investors given its growing market economy, macroeconomic stability and sustainable levels of government debt, stable and pragmatic business-friendly government, independent courts and free press, stable currency and trade links to South Africa, and good infrastructure. Investment is protected under Articles 16 and 98 of the Namibian Constitution and Namibia provides both pre-investment (entry and work permits) and post-investment facilitation. According to a recent UK government study, challenges to investing in Namibia include a shortage of skilled labour, low labour productivity, an underperforming education and training system, high levels of HIV/AIDS prevalence, government bureaucracy, a lack of policy certainty in certain areas including empowerment and taxation, a slow judicial system, the sensitivity of the land rights issue, uneven consultation with the private sector, and a difficulty in obtaining work permits for foreign nationals.[9]

2.25. In the World Bank's Doing Business Index 2015, Namibia is ranked 88th, slipping eight places from the previous year. Table 2.2 shows Namibia's ranking in accordance with the Doing Business Reports in 2008 and 2015. While Namibia's overall ranking slid considerably from 2008 to 2015 (from 43 to 88), its score for trading across borders has improved slightly and the cost to import and export a container in Namibia remains competitive compared to South Africa. In other key indicators which have a key impact on production and trade – starting a business, access to credit, and registering property – Namibia is lagging behind its regional partners. The Companies Act, 2004 which came into force in 2010 (see Section 3.1), reduced the administrative burden to start a business, but Namibia's ranking remains well below the SACU average, indicating that other countries have been more efficient in implementing reforms. The authorities indicate that a number of reform measures have been designed, proposed and are in the process of being implemented. The cost of registering a property in Namibia has increased to 13.8% of the property value (from 9.9% in 2008), making such transactions the most expensive in the SACU region.

Table 2.2 Business environment in Namibia, 2008 and 2015

	2008	2015
Ease of doing business (rank[a])	43	88
Starting a business		
- Rank[a]	101	156
- Cost[b]	22.3	13.1
- Number of days	99	66
Trading across borders		
Rank[a]	144	136
Number of export documents	11	8
Time to export (days)	29	24
Cost to export[c]	1,539	1,650
Documents to import (number)	9	7
Time to import (days)	24	20
Cost to import[c]	1,550	1,805
Getting credit	36	61
Registering property		
- Rank	128	173
- Number of procedures	9	8
- Cost[d]	9.9	13.8

a The 2008 rankings are based on 178 countries and economies, and the 2015 rankings on 189 countries and economies.
b Percentage of income per capita.
c US$ per container.
d Percentage of property value.

Source: World Bank (2008); and World Bank (2015), "Doing Business". Viewed at: http://www.doingbusiness.org/reports/global-reports/doing-business-2015 .

[9] British High Commission Windhoek (2013), *Doing Business in Namibia: A Guide for UK Companies 2014*.

2.26. Namibia has bilateral investment treaties (BITs) with Austria, Finland, France, Germany, the Netherlands, Spain, and Switzerland. BITs have been signed, but are not yet in force with China, Congo, Cuba, Italy, Malaysia, the Russian Federation and Viet Nam. Namibia has double taxation agreements with 11 countries: Botswana, France, Germany, India, Malaysia, Mauritius, Romania, the Russian Federation, South Africa, Sweden and the United Kingdom.

2.27. In terms of net inflows of FDI, Namibia ranks well in comparison to its SACU partners, sustaining inflows of 6% or more annually over the period 2010-13 (Table 2.3).

Table 2.3 FDI, net inflows, 2010-13

(% of GDP)

	2010	2011	2012	2013
Namibia	**6.8**	**6.0**	**8.4**	**6.9**
Botswana	1.0	7.0	1.0	1.3
Lesotho	8.2	8.1	3.2	1.9
South Africa	1.0	1.0	1.2	2.3
Swaziland	3.5	2.2	2.2	0.6

Source: World Bank online information. Viewed at: http://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS.

2.28. An audit conducted in 2010 of the Namibia Investor Roadmap (2005) which was set up to identify the administrative, procedural and regulatory barriers that hinder investment in Namibia and make specific recommendations for improvement, found that a number of recommendations had not been fully implemented.[10] These include a lack of coordination amongst the various agencies tasked to address specific recommendations; a lack of clarity on the processes and procedures to be followed by investors, with websites displaying outdated information; a skills shortage in specialized and technical areas; continued delays in issuing work permits to foreigners; and little progress on the development of an investment law.

[10] USAID (2010), *The Namibia Investor Roadmap Audit*.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures Directly Affecting Imports

3.1.1 Registration requirements

3.1. The Companies Act, No. 28 of 2004, which came into operation on 1 November 2010, repealed the South African Companies Act, No. 61 of 1973, which had been applied in Namibia since 1973. In addition, Companies Administrative Regulations were issued in 2010. The Act covers both domestic and "external" companies, i.e. those incorporated outside Namibia but trading through a local branch. Company registration is administered by the Registrar of Companies in the Ministry of Industrialization, Trade and SME Development (MITSD). The name of the company must be approved by the Registrar prior to incorporation. All companies pay an annual duty calculated as a percentage of issued share capital whether domestic or external. The Act contains no special registration requirements for importers.

3.2. Namibia uses a single administrative document (SAD 500) for customs declaration and the ASYCUDA++ customs management system. Customs maintains a consolidated monthly import entry procedure to enable regular importers of SACU products to enter data on a monthly customs declaration. It also has a Direct Trader Input (DTI) system linked to the ASYCUDA++ system. Namibia is in the process of migrating to ASYCUDA World. The DTI is used by cargo carriers and freight forwarders and enables entry documentation to be processed electronically. A preliminary time release study on the average time to lodge a declaration, effect payment, and release goods has been done under the WCO-SACU Customs Development Programme (CDP), but further work is still required before it can be confirmed. Under a bond guarantee system which operates on goods in transit through Namibia, importers lodge a security to cover all charges, including local taxes and VAT; the bond may be redeemed once the goods have left Namibia. Security for the in bond removal of goods and warehousing is currently being reviewed.

3.1.2 Customs procedures and requirements

3.3. The Directorate of Customs and Excise within the Department of Revenue Management of the Ministry of Finance, is responsible for, inter alia, facilitating the smooth movement and clearance of legitimate trade, the collection of revenues and preparation of accurate trade statistics, and the detection and interdiction of illicit activities, including cross-border movement of undeclared or under-declared goods and contraband such as controlled substances and drugs.

3.4. The Customs and Excise Act 1998 is in the process of being completely overhauled in line with the Model Act adopted by the SACU Council in order to update it and provide for electronic documents and other modern methods of customs processing. A number of improvements to incorporate standards and best practices of the Revised Kyoto Convention on customs procedures will soon be gazetted through the Customs and Excise Amendment Act, 2015 (currently with the Ministry of Justice for final scrutiny).

3.5. The proposed changes in the bill include provisions to cater for risk management control measures and applications; provisions for cooperation between government agencies, thereby facilitating the functioning of the Single Window concept; electronic issuance of licences, permits and other approvals; provision for customs declarations to be lodged prior to the arrival of goods in the customs territory, rather than after the goods arrive as is currently the case; provision for Authorized Economic Operators and Preferred Traders for those with good compliance records; and the imposition of an environment levy.

3.6. Namibia launched ASYCUDA World in September 2014 thus expanding the use and acceptance of electronic documents. It is currently being rolled out after wide consultation and training (including training for clearing agents). Once the e-transactions bill is enacted, Customs and Excise will be able to accept electronic signatures on documents and begin the migration to paperless processes. This process is being dealt with by the Office of the Prime Minister (OPM), but some consultations remain to be done.

3.7. The use of clearing agents for import purposes, while not mandatory, is encouraged. Fees for clearing agents are commercially set. In 2013, Namibia established a risk management unit, which is linked to the World Customs Organization, through the national Customs Enforcement Network (nCEN), in order to share intelligence and secure trade regionally and internationally and, in general, to support the WCO SAFE Framework of Standards. The risk management system is used mostly for excisable goods, e.g. liquor and tobacco. According to the authorities, statistics are kept but not released, so as not to jeopardize enforcement interventions.

3.8. The Namibia Trade Portal which will provide a single platform for all trade-related information is not yet established, but Customs and Excise is currently laying the groundwork to do so. It is anticipated that the Trade Portal will be functional by 2016. Together with the MITSD, Customs and Excise is in the process of configuring a National Single Window.

3.9. Neither pre-shipment nor destination inspection of imports is required in Namibia.

3.10. The Namibia Customs and Business Forum was officially launched in January 2013. The forum is expected to foster dialogue between public and private sector stakeholders in the trading chain to continually assess and adopt measures that promote effective trade facilitation, enhance customs operations and achieve higher compliance by the trading community. The preferred trader (PT) programme was launched in 2013 and is being rolled out as a pilot exercise. Two conformity audit assessments were completed on select enterprises. The PT will serve as a precursor to an Authorized Economic Operator (AEO) system. The conditions applying to the PT and AEO programmes are laid out in the draft Customs and Excise Amendment Bill.

3.11. The one-stop border post (OSBP) concept, as an element of a broader consolidated border management (CBM) approach, has in principle been approved by Cabinet for all major border points. The legislative framework has been developed and is currently with the Ministry of Justice for legal vetting. This forms part of the Customs Amendment Bill, and is also to be supported by a Draft MOU between Namibia and Botswana. The one-stop border post between Namibia and Botswana will pilot these concepts which are expected to reduce transit times by 3-5 hours on a one-way trip, and offer other trade facilitative benefits.

3.12. Namibia has successfully piloted IT interconnectivity under the SACU CDP carnet with Botswana. In addition, a customs scanner programme was rolled out across all main entry points during 2013-14. A dog detector unit was established during 2013-14; so far 15 canines have been procured, and handlers selected and trained.

3.13. Namibia has signed a MOU with Zambia Revenue Authority and a cooperation and management agreement with China's customs authorities.

3.14. Namibia ranks 136th in the World Bank's Trading Across Borders Index, ahead of Botswana (157th) and behind South Africa (100th). Namibia compares favourably with the sub-Saharan average cost to export (US$1,650 versus US$2,200) and import (US$1,805 versus US$2,931) a container.

3.1.3 MFN taxation of imports

3.15. Namibia applies the SACU CET (Main Report, Section 3.4.1).

3.16. A value added tax of 15% is payable on the sale price of locally produced goods and services and on all imports based on the f.o.b price plus 10%. Following the VAT Amendment Act in 2010, medical and paramedical services, funeral undertaking services, dry white and dry and wet brown granular sugar, and fresh milk became zero-rated for VAT. The VAT Amendment Act, 2011, abolished the supply of medical or paramedical services as a zero-rated supply and provided instead for supply of these services as an exempt supply.[1]

3.17. Under the 2014/15 budget, the VAT registration threshold has been increased from N$200,000 to N$500,000. Tax revenue from VAT accounted for 18% of Namibia's total tax revenue in FY 2011/12 and 24% in FY 2013/14.

[1] Zero-rated goods and exempt supplies are listed in the VAT Act and explained in practice notes.

3.18. Excise duties levied under Schedule 1, Part 2a and b of the respective customs and excise laws are set annually in accordance with Article 21 of the 2002 SACU Agreement (see Section 3.4.5 of the Main Report).

3.19. Excise levies in SACU countries are not country specific. A carbon emission levy on specified vehicles and an environment levy (which would be payable on plastic bags, incandescent light bulbs and tyres) are under discussion and may be introduced during 2015, as announced in the Minister of Finance's Budget Statement for 2015/16.

3.1.3.1 Tariff preferences

3.20. Namibia is a member of SADC (but has not yet signed the SADC Trade in Services Protocol), and is party, together with its SACU partners to an FTA with EFTA and MERCOSUR member States. The EU-SACU Economic Partnership Agreement was initialled on 15 July 2014 and is expected to enter into force in October 2015. Namibia has a preferential trade agreement with Zimbabwe which dates back to 1992.

3.21. Namibia is party to the Tripartite Agreement (TFTA) which aims to create a free trade area between COMESA, SADC and the EAC and which was launched on 10 June 2015. A recent study suggests that the opportunities and challenges of the TFTA appear to be limited in the short to medium term for Namibia, due to its limited trade relations with non-SACU SADC countries which account for only 0.06% of its exports and 0.09% of imports.[2] According to the study, the major challenge for Namibia to implement the TFTA would not be import competition or revenue losses due to tariff reductions but the creation of, and participation in, a comprehensive institutional framework, given that current trade-related institutions are weak or non-existent on the SACU and SADC levels.

3.1.3.2 Other duties and charges

3.22. Article 26 of the SACU Agreement permits the BLNS countries to apply infant industry protection (IIP) to their emerging industries for a maximum of eight years. Infant industry protection on pasta in place since 2002, which took the form of an additional tariff of up to 40%, was phased out in December 2014.

3.23. Following a challenge brought by South African companies, the measure on UHT milk (which was subject to an additional tariff of 40% that was phased out in December 2013 and a QR since then) has been set aside pending an outcome in Namibia's national courts.

3.24. In order to protect its cement industry, Namibia imposed IIP on cement in July 2012 in the form of a 60% duty. The 60% rate was valid until 2014 whereupon it was scheduled to an annual linear decrease to reach 12% in 2018. Namibia's domestic demand for cement is currently estimated to be about 0.5 Mt/yr. One importer challenged the procedure. Until the Constitutional Court rules on the matter, the applicant in the case is not required to pay the additional duty (but will be required to pay duties retroactively should the ruling go against it).

3.25. In November 2010, Namibia imposed a general levy of 0.8% of the selling price on imports of cattle, sheep, goats, pigs, meat or meat products.[3] In addition, a special meat classification levy of N$10 per cattle carcass, N$2 per sheep or goat carcass and N$6 per pig carcass was imposed. 15% of the general levy is used to fund the Farm Assured Namibia Meat Scheme and 5% for the provision of emergency veterinary services. The special meat classification levy is used to fund carcass classification services provided by the Meat Board of Namibia.

3.1.4 Rules of origin

3.26. Rules of origin of the SACU, SADC and EFTA agreements are covered by the Main Report (see Section 3.4.3 of the Main Report).

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[2] GFA Consulting Group (2013).
[3] Government Gazette, 15 December 2010. Viewed at: http://www.nammic.com.na/jdownloads/Industry%20Acts/levies-meatindustryact1981.pdf.

3.27. In addition to its membership in SADC and its RTAs with third countries under SACU, Namibia has a bilateral preferential agreement with Zimbabwe, signed in 1992.[4] The agreement provides for reciprocal duty-free market access subject to rules of origin of 25% local content for manufactured goods. Either Namibia or Zimbabwe should be the last place of substantial manufacturing. In contrast, the product-specific rules of origin of the SADC Trade Protocol require a change of tariff heading or regional content of between 35 to 40%.

3.1.5 Import prohibitions, restrictions, and licensing

3.28. Quantitative restrictions introduced on dairy products are not currently applied following a ruling by the High Court.

3.29. The SACU rebate facility allows limited quantities of specific products to be imported into Namibia from outside SACU, duty-free. Under this facility, imports of wheat and dairy products into Namibia are subject to a tariff rate quota (TRQ). The TRQ on wheat was increased in 2014 from 50,000 tonnes to 80,000 tonnes per rebate year. The in-quota tariff is zero. The TRQ on butter is 400 tonnes, cheese 300 tonnes, skimmed milk powder 700 tonnes and whole milk powder 400 tonnes. The in-quota tariff is zero. Information on the quantities of wheat and dairy products that can be imported duty free as well as the application procedure is published in newspapers in September each year. Quotas are allocated on the basis of previous year utilization while allowing space for new entrants.

3.30. A QR of 600 tonnes per month on poultry imports was imposed from May 2013 to protect Namibia's "nascent" poultry industry. The QR was subsequently increased to 900 tonnes per month in November 2013 and applies to both SACU countries and other WTO Members and is administered by the Meat Board of Namibia. The distribution of import quotas is based on companies' market share and local purchase. The Committee administering the QR meets monthly (or more often during the holiday season) and adjusts QR volumes when necessary, depending on local supply. 10% of the QR is reserved for newcomer companies who need to establish six-month local purchase. The measure on poultry has been challenged in Namibia's national courts.

3.31. Namibia operates a system of import permits for a range of products that are managed by a number of different agencies.[5] The Namibian Agronomic Board is responsible for the import permit system under the Agronomic Industry Act, No. 20 of 1992, for the importation of controlled agronomic crops - white maize, wheat, pearl millet, and horticultural products. Permits for white maize and pearl millet are only granted during the open border period once domestic production has been marketed to millers. The Namibian Agronomic Board notifies openings and closings of the border for these cereals. Floor prices for controlled cereals are set by agreement between producers and processors based on a five-year average of the South African Futures Exchange (SAFEX) adjusted to import parity prices from South Africa. A licence fee of N$36 is payable; permits are valid from one to three months (which may be extended). Production and import volumes for white maize, wheat and pearl millet are shown in Table 3.1.

Table 3.1 Production and import volumes of controlled agronomic crops, 2008-13

(Tonnes)

	Pearl Millet		Wheat		White Maize	
	Local Production	Imports	Local Production	Imports	Local Production	Imports
2008/09	37,301	2,185	14,581	46,025	14,581	51,014
2009/10	73,272	3,336	12,448	64,211	12,448	64,661
2010/11	41,166	1,034	11,511	69,519	11,511	69,519
2011/12	55,950	1,860	11,930	74,553	11,930	84,543
2012/13	24,700	3,863	14,819	86,826	14,819	87,726

Source: Namibian Agronomic Board, Annual Report No. 26, 2012/13.

3.32. The Namibian Market Share Promotion (MSP) Programme run by the Namibia Agronomic Board requires all importers of horticultural fresh produce to buy a certain minimum percentage of fresh produce cultivated in Namibia before a permit is granted for imports. When the Programme was established in 2005, the compulsory percentage was 5%, but this has been progressively

[4] This agreement has not been notified to the WTO.
[5] WTO document G/LIC/N/3/NAM/5, 11 May 2010.

increased and stood at 41.5% in 2014. Imports of fresh produce increased from 19,786 tonnes in 2010 to 23,695 tonnes in 2014. The Pork Market Share Promotion Scheme launched in 2012 promotes the local production of pork meat based on a local purchase/import ratio of 1:2 between February to September and 1:3 for October to January.

3.33. Live animals (cattle, sheep, goats and pigs) and products thereof are subject to an import permit system administered by the Meat Board of Namibia. Importers must be registered with the Meat Board. The permit is issued free of charge and is valid for up to one month which may be extended.

3.34. The MITSD has responsibility for the control of imports of all other products that require permits and do not fall under the jurisdiction of other government institutions and agencies. In particular, permits are required for second-hand goods, and marine and minerals products. No fee is payable. The import of second-hand clothing and left-hand drive motor vehicles is prohibited. The import of second-hand motor vehicles, previously limited to five-year-old vehicles, has been relaxed to include vehicles up to eight years old. Other second-hand goods such as tyres are subject to import licensing.

3.1.6 Standards and other technical requirements

3.35. The Namibian Standards Institution (NSI), established in accordance with the Standards Act No. 18, of 2005, is governed by the Namibian Standards Council (NSC), which was set up in February 2011. The NSI's responsibilities include developing, adopting and applying standards; providing accurate measurement traceability to international standards and consumer protection regarding quantities of traded products through the metrology division; providing reliable testing especially for food such as fish and fishery products including shellfish, canned fish and canned products; and rendering food safety technical support to the aquaculture, fishing and other industries through regular tests conducted at the NSI testing centre for the presence of biotoxins, heavy metals and microbiological contaminants.

3.36. The NSI (Food) Testing Centre is a facility accredited by the South African National Accreditation System (SANAS). It also obtained accreditation under ISO/IEC 17025 in 2011. The current scope of accreditation includes 13 microbiology and six chemistry test methods.

3.37. In 2009, the NSI was designated by the Government as the competent authority for fish and fishery with regard to standards and technical requirements. Its responsibilities include the inspection of chilled and frozen fish, the inspection of factories and vessels for Hazard Analysis Critical Control Point (HACCP) compliance, and health-related issues. As part of its mandate, the NSI has established a Fishery Inspectorate Division with business centres in Walvis Bay and Lüderitz. The NSI Fishery Inspectorate is accredited under ISO/IEC 17020:2012. The scope of accreditation for the Fishery Inspectorate covers chilled and frozen fish and canned fish and fishery products.

3.38. The development of standards is based on need, usually expressed by an industry, government, consumer group or individual which communicates this to NSI. Once the need for a national standard has been identified, a technical committee (TC) is established, if not in existence. Each project undergoes a series of development stages. Initially during the proposal or request stage the need to develop or adopt a new standard is examined and verified. Thereafter during the preparatory stage a working draft standard is developed for referral to the committee. The committee then discusses the working draft standard, and if necessary returns it with comments to the working group until consensus is reached. At the public enquiry stage, the document is circulated for public comments for a period of 60 days. Thereafter during the ratification stage, the committee ensures that all the stages have been satisfactorily adhered to. Finally, during the publication stage, the developed or adopted standard is gazetted and then published by the NSI as a Namibian Standard.

3.39. In 2011, the NSI Metrology Laboratory was inaugurated to serve as the National Metrology Institute (NMI) of Namibia. The NMI is responsible for the establishment of a national measurement traceability system through maintenance of national measurement standards and dissemination of traceability by providing calibration services to industry. The Metrology Laboratory is accredited in accordance with ISO/IEC 17025 for the calibration of weights, scales, micropipettes, volume measures and glassware by the Southern African Development Community Accreditation Services (SADCAS). The Metrology Laboratory also houses the legal metrology function and is responsible for the administration of the Trade Metrology Act No. 77 as amended and the Metrology Act No. 17 of 2005. Through the administration of the Trade Metrology Act, NSI regulates the labelling and tolerance requirements for goods pre-packed for sale through documents harmonized by the SADC Cooperation in Legal Metrology (SADCMEL) structure.

3.40. NSI established Namibia's WTO TBT enquiry point in 2010 which has been notified to the TBT Committee.[6] Namibia has not made any notifications of new TBT measures to the WTO TBT Committee during the period under review. According to the authorities, Namibia has received a number of enquiries since the WTO/TBT enquiry point became operational but needs further technical assistance to carry out its notification obligations.

3.41. In 2014, NSI signed a memorandum of understanding on technical cooperation with the FAO. The MOU covers, *inter alia*: updating the status of Namibian Food Safety legislation/regulations; the development of national labelling regulations that are consistent with Codex, OIML and SADCMEL guidelines and that meet national needs; technical support for the effective implementation of the GLOBALG.A.P. Certification Scheme for the horticultural industry; and strengthening institutional and staff capacity in the fields of shellfish inspection, HACCP, and food safety management systems auditing.

3.42. The authorities indicate that the NSI Certification Division provides independent third party conformity assessment services to its clients. Staffed by highly competent and experienced auditors, the division provides product certification (Standard and Premium Marks) and system and persons certification to the Namibian business community according to the requirements of ISO/IEC 17065, ISO/IEC 17021 and ISO/IEC 17024. Certification from the NSI provides organizations with the assurance that their products and services consistently comply with certain predefined standards, customer requirements and applicable legislation.

3.43. NSI has commenced work to implement the country's Shellfish Sanitation Programme and will soon apply to the country's trading partners for Namibia to be added to the list of third countries approved to export shellfish to the European Union and other markets in North America and Asia.

3.44. The NSI represents Namibia in the International Organization for Standardization (ISO), the African Organisation for Standardisation (ARSO), and the Affiliate Country Programme of the International Electrotechnical Commission (IEC), and is a full participating member of the African Electrotechnical Commission (AFSEC) and the International Organization for Legal Metrology (OIML), as well as an associate member of the International Bureau of Weights and Measures (BIPM). The NSI also participates in the SADC SQAM structures in the implementation of the SADC TBT Annex of the SADC Trade Protocol.

3.1.7 Sanitary and phytosanitary requirements

3.45. Sanitary and phytosanitary provisions apply to animal, plant and dairy imports, such as livestock, meat, fish, and honey. The Animal Health Act, 2011 (Act No. 1 of 2011) replaced the Animal Diseases and Parasites Act (Act No. 13 of 1956). Regulations supporting the new Act are currently under preparation. The Act requires the issuance of a permit prior to the importation of animals, animal products and restricted material, and a health certificate prior to export. The Act also makes provision for animal movement control and traceability and enforcement. Compensation is payable by the Government if an animal, animal product, or restricted material is destroyed for the purpose of controlling a disease. All imports of livestock, semen and embryos require a veterinary import permit and livestock improvement permit issued by the MAWF.

3.46. Importers of live animals (such as cattle, sheep, goats and pigs) must be in possession of a veterinary import permit from the MAWF. The OIE Animal Health Code is used as the guideline for setting import requirements.[7] Some imports are subject to the approval of other institutions,

[6] WTO document G/TBT/ENQ/38/Rev.1, 8 July 2011.

[7] In the case of animals/animal products from South Africa, a veterinary import permit is only required for the importation of ostriches, elephants, wild pigs, wildebeest and buffalo. Importation of other animals/animal products is subject to a veterinary movement certificate issued by an official veterinarian in

e.g. the Ministry of Environment and Tourism in the case of protected species. In the case of breeding material, a livestock improvement permit is also required. An import permit, issued in Windhoek (N$50 per permit), is required prior to the importation or conveyance in transit of any animal, animal product or restricted material.

3.47. Animals may only be imported from countries free from bovine spongiform encephalopathy (BSE) and foot-and-mouth disease (FMD) where vaccination is not practised. In practice, live animals are usually only imported from South Africa or occasionally Botswana. Veterinary staff based at the border are available 24 hours a day to verify compliance with import and export requirements. All shipments of animals or animal products are verified, even if an MRA is in place.[8] Heavy fines (N$1 million or imprisonment for a term not exceeding 20 years) are levied in the event of contravention or failure to comply, if found guilty in a court of law. In the event of an immediate risk of a disease being introduced or further spread in Namibia from another country, emergency restrictions may be put in place to prohibit imports. A health certificate is required for the exportation of animals, animal products and restricted material. A quarantine regime is operable in Namibia only for pets.

3.48. The Plant Quarantine Act 2008 (Act No. 7 of 2008), which repealed the Agricultural Pest Act (No. 3 of 1973), and accompanying Regulations came into operation on 1 July 2012. The Act provides for the prevention, monitoring, control and eradication of plant pests; the movement of plants, plant products and other regulated articles; and the certification of SPS standards for exported plants and plant products.

3.49. All imports of plants, plant products and other regulated articles require a permit issued by the MAWF (N$150, valid for 21 days) and a phytosanitary certificate issued by the plant protection authority of the country of export. The Act makes provision for fines not exceeding N$20,000 or imprisonment for a period not exceeding 2 years, or both, in the case of contravention of import procedures. The Act also grants the Minister of the MAWF the authority to declare by notice in the Gazette quarantine stations, areas and pests. Compensation is payable by the Government in the event that a plant or plant product is destroyed or harmed as a result of measures taken under the Act to eradicate, contain, or limit the spread of a plant pest. Plants may not be imported from countries with fruit flies.

3.50. A phytosanitary certificate is required from the MAWF for the export of any regulated plant material (N$150).

3.51. The Ministry of Environment and Tourism operates an import permit system for the import of wild animals or plants or their parts, derivatives and products. The system is intended as an instrument to control and protect Namibia's fauna and flora as well as for statistical purposes. A certificate from the country of export's CITES Management Authority supporting and verifying the export of the product and a CITES export permit from the country of origin are required for such products. A fee of N$100 is payable and a permit is valid for six months.

3.52. For the import of general medicines a licence is required from the Namibian Medicine Regulatory Council. Licences are only granted to registered wholesalers and distributors. Once a licence is issued, the import of general medicines can be undertaken without an import permit. However, special import permits are required for the import of narcotics and psychotropic substances. A fee of N$1,000 is payable.

3.53. As of December 2014, all grain and primary processed grain products are only allowed to enter Namibia if accompanied by a phytosanitary certificate from the country of origin, a certificate of analysis on key parameters including moisture, foreign matter and aflatoxins, an official grade attestation by the country of origin (where applicable) and a valid plant health import permit and trade import permit.

3.54. The Food Safety Bill of 2007 is being considered for further development to become a law. Regulations to support the bill are being drafted to cover abattoir hygiene and meat inspection.

South Africa in accordance with the requirements as set out in the Namibian/South African bilateral agreement. Importation of dogs and cats for personal use from South Africa is allowed without a veterinary import permit, but a health certificate/movement permit issued by an official veterinarian in South Africa is required.

[8] Namibia does not have Mutual Recognition Agreements with any other countries.

3.55. In 2014, the Government developed the Namibia Food Safety Policy to protect consumer health while facilitating trade in food. In order to achieve this objective, the policy ensures that control standards are established and adhered to as regards food production safety, food product hygiene, animal health and welfare, plant health, and preventing the risk of contamination from external substances. It also lays down conditions for regulations on appropriate labelling for these foodstuffs and food products. Consequently, a government notice was issued to all importers of grain, fresh produce and their primary processed products, fertilizers, farm feeds and pest control products,[9] regarding increased inspection controls at designated border posts with effect from 15 December 2014. The authorities indicate that these measures are necessary to ensure food safety and adherence to import permit conditions. Inspections at border posts are carried out by the Agro-Marketing and Trade Agency including collection of levies applicable at the point of termination of the imports.[10]

3.1.8 Other measures

3.56. As mentioned in the last Trade Policy Review (TPR) report, Namibia has no official countertrade or import-offset arrangements, or agreements designed to influence the quantity or value of goods and services exported to Namibia.

3.57. The national Agro-Marketing and Trade Agency (AMTA) is responsible for managing Namibia's National Strategic Food Reserve which comprises five locations throughout the country. During the recent drought, food reserve stocks were almost exhausted but have since been rebuilt. To date, the Government has constructed silos with a total storage capacity of 18,900 MT of food reserves comprising maize, sorghum and wheat. The Government plans to have food reserves with a capacity of 68,000 MT, equivalent to four months of emergency food relief.

3.2 Measures Directly Affecting Exports

3.2.1 Registration and procedures

3.58. Exporters of live animals (cattle, sheep, goats and pigs) and products thereof must obtain a permit from the Meat Board of Namibia. There is no charge for the permit. Exporters of controlled agronomic products (white maize, wheat, pearl millet, and horticultural products) are required to register with the Namibian Agronomic Board. A registration fee is charged depending on milling capacity.

3.3 Export prohibitions, restrictions, and licensing

3.59. Exports, except to SACU members, of nearly all products are subject to automatic licensing. A non-automatic permit is required for, *inter alia*, medicines; live animals and genetic materials; all ostrich-breeding materials; meat and game products; protected species under CITES; plants and plant products; firearms and explosives; minerals, including diamonds and gold; coins and bank notes; certain works of art and archaeological findings; and oysters.

3.60. Exports of sheep are subject to a 6:1 rule, i.e. six sheep must be slaughtered locally for each sheep exported live. In response to drought conditions in 2013, a number of measures were approved to ease export conditions for small stock. These included amending the local slaughter/export ratio restriction from 6:1 to 1:1, for a 90-day period from 15 August 2013 to 15 November 2013. Cabinet approved the amendment in 2014. Government will continue to maintain the 1:1 export ratio until the industry can develop a long-term small stock marketing strategy, to ensure value addition in the whole chain.

3.61. Under a five-year agreement between De Beers and the Government of Namibia (signed in 2007), the Namibia Diamond Trading Company (NDTC) was created to sell 16% of cuttable diamonds locally in an attempt to establish a local cutting industry. 10% of cuttable diamond production must be made available to local cutting and polishing companies. The Government is engaged in negotiations to increase this percentage.

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[9] In accordance with the Agronomic Industry Act No. 20 of 1992 and the Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act No. 36 of 1947.

[10] Gazette Notice No. 247 of 1 August 2014.

3.62. Namibia applies the Kimberley Process Certification Scheme through the Namibia Diamond Trading Company of the Ministry of Mines and Energy, to certify that Namibia's rough diamonds are from areas free of conflict. Trade measures necessary to implement the Kimberley Process are covered by a WTO waiver.[11]

3.3.1 Export taxes, charges, and levies

3.63. In November 2010, Namibia imposed a general levy of 0.8% on the export price of cattle, sheep, goats or pigs. As of 1 April 2004, an export levy is charged under the Customs and Excise Act, 1998 on the export of slaughter-ready mature bovine animals (30% *ad valorem*), hides (30%) and goat skins (15%). The 15% levy on pickled sheep skins was withdrawn as of 15 December 2013. The 30% export levy on cattle was temporarily withdrawn as from 15 August 2013 as a result of the drought, but was reintroduced as of 15 November 2014.

3.64. Unprocessed diamonds are subject to a 10% export tax. Raw hides and skins (wet- and dry-salted), and goat skins are subject to an export levy of 60% and 15% respectively.

3.65. Namibia has announced the introduction of an export levy on primary commodities and natural resources (i.e. diamonds and minerals, and fishery and forestry products) in order to promote domestic value addition and increase revenue. The proposed levy rate is not expected to exceed 2% of the value of the goods exported. Legislation in this regard is expected to be tabled in Parliament during 2015.

3.3.2 Export promotion and support

3.66. Namibia has notified that it maintained no export subsidies in the years 2002 to 2009.[12] No export subsidies have been provided since that date.

3.67. However, the Directorate of International Trade under the Division of Trade Promotion has an Export Marketing Assistance Programme (EMAP). The objective of EMAP is to assist exporters of Namibian manufactured products in developing new export markets. The programme is aimed at promoting and expanding trade and related activities through assisting exporting manufacturers in: engaging in primary market research, attending trade fairs and exhibitions regionally and internationally, and engaging in any other related activities that may further the objectives of the programme.

3.68. The Development Bank of Namibia provides financial support through commercial banking facilities, including the Enterprise Development Facility. The support consists of pre- and post-shipment working capital to majority Namibian-owned enterprises for the export of goods and services, including tourism, and imports of capital goods.

3.69. The incentive packages for Export Processing Zones and other tax incentives offered by Namibia are currently under review and a new incentive scheme is expected to be introduced in the near future.

3.70. An 80% tax deduction scheme is in place for income derived from exports of manufactured goods, other than meat or fish. Eligible manufacturers must be registered with the MITSD and the Ministry of Finance. Manufacturing enterprises and exporters that do not have EPZ status can benefit from tax exemption for dividend payments and accelerated capital allowances. The incentives set out in the Income Tax Act include: an additional 25% allowance on manufacturing wages, training costs and, for ten years, land-based transport of materials used in manufacturing; an additional deduction for export promotion activities (varies depending on the growth of export turnover)[13]; accelerated capital allowances for machinery and equipment (which can be fully written off over three years), buildings used for manufacturing purposes (20% in the first year and 8% per year for the next ten years) and other buildings (20% in the first year and 4% per year for

[11] WTO document WT/L/876, 14 December 2012.

[12] WTO document G/AG/N/NAM/16, 26 April 2010.

[13] 25% if current export turnover has increased by 10% or less compared to the average turnover for the previous three years; 50% if the current export turnover has increased by more than 10% and less than 25% compared to the previous three years; or 75% if the current export turnover has increased by 25% or more compared to the previous three years.

the next 20 years; and a rate of tax of 18% on taxable income for ten years and on expiry of that term the standard rate of 35% for manufacturing enterprises.

3.71. Namibia's Export Processing Zones Act dates back to 1995 (Act No. 9 of 1995, as amended). EPZ status is not confined to a specific area or region. Enterprises that undertake manufacturing or assembly operations must export 100% in the first year of production. However, after having been in operation for at least a year, an EPZ enterprise may apply for special consideration and permission to sell up to a maximum of 30% of its previous year's production output in the domestic (SACU) market. Thereafter they can apply to export not less than 70% of their production, earn foreign exchange and employ Namibians. EPZ enterprises may hold foreign currency accounts and repatriate capital and profits. Tax incentives for EPZ enterprises include exemption from corporate tax, import tax, sales tax, and stamp and transfer duties on goods and services required for EPZ activities. These benefits are limited to a period of ten years.

3.72. EPZ enterprises are free to establish themselves anywhere in the country. An EPZ enterprise can set up as a single factory enterprise at any clearly demarcated location of choice. The main focus of the EPZ is on export-oriented manufacturing activities, excluding fish and meat processing. Extractive operations such as mining and fishing are not eligible. All mining operations are taxable under the normal tax regime. However, mineral processing or beneficiation operations may be considered and granted EPZ status. For purposes of incentive administration and monitoring, there has to be a clear separation between the mineral processing EPZ enterprise and any other entities with which that enterprise is doing business or to which it is linked, in terms of business registration and identity, operations and management structures.

3.73. The ODC (together with NIC) is responsible for the administration of EPZs and develops and leases serviced industrial and business sites and factory shells. The role and nature of ODC is currently under review and may be merged with another entity. The Customs and Excise Department of the Ministry of Finance monitors the movements of inputs and outputs from EPZ enterprises to ensure export obligations are met. Special customs regulations apply to an EPZ. Walvis Bay EPZ Management Company (WBEPZC) manages the Walvis Bay EPZ.

3.74. A project seeking EPZ-enterprise status must be a green-field project and the applicant must be incorporated as a new company under the Companies Act. A brown-field project or operating company cannot convert to an EPZ enterprise. A comprehensive business plan and EPZ application forms, which are available in paper or electronic format, should be submitted to the ODC. The ODC works in consultation with the Namibia Investment Centre, the Ministry of Finance and the Bank of Namibia to consider the application against the criteria of the EPZ Act. Projects that meet the qualifying conditions for admission under the EPZ are referred to the EPZ Committee for final consideration and approval. The Committee consists of the Minister of Trade and Industry, the Minister of Finance and the Governor of the Bank of Namibia, assisted by the ODC and officials drawn from other Ministries and agencies. An approved applicant is issued with an EPZ certificate signed by the Minister of Trade and Industry. The certificate sets out the terms and conditions of admission to operate as an EPZ enterprise.

3.75. A report by ODC on the performance of EPZs from 1997-2012 showed that Namibia has attracted investment in diverse economic activities which include manufacturing of automotive parts, marine ropes and cordages, household plastic products, abrasive products and tobacco; motor vehicle assembly; mineral processing such as zinc and copper refinery; and cutting and polishing of diamonds, marble and granite. Some 80% of registered and operational EPZ enterprises are engaged in mineral processing, followed by 15% in general manufacturing and the remainder in assembly operations (Table 3.2). Sales in regional and local markets accounted for N$60 billion in 2012 and were mainly by companies in the mineral processing sector.

Table 3.2 Summary of EPZ enterprises, 2012

Sector	Number of enterprises	Investment value (N$ million)	Employment level	Export value (N$ million)	Expenditure on local goods and services (N$ million)
General manufacturing	3	54	119	31	12
Mineral processing	19	12,626	2,369	7,895	1,597
Assembly operations	1	9	35	18	4
Total	**23**	**12,689**	**2,523**	**7,944**	**1,613**

Source: Offshore Development Company, *Report on the Performance of the Export Processing Zones (EPZ) Programme: 1997-2012*.

3.76. The origin of foreign investment includes Germany, the United Kingdom, India, Pakistan, South Africa, Israel, Spain, the Netherlands, Russia, the United States, Belgium, China and France. In 2012, the total level of investment in the EPZ increased to N$12.7 billion, up N$7 billion on the previous year. The production value of the EPZ companies in the key sectors of manufacturing, mineral processing, and vehicle assembly declined from N$9.9 billion in 2008 to N$5.9 billion in 2012 (Table 3.3). Employment levels grew from 2,109 in 2008 to 2,532 in 2012, but are still considerably down from a peak of 10,057 in 2004.

Table 3.3 Production value of EPZ enterprises by sector, 2008-12

(N$ million)

Sector	2008	2009	2010	2011	2012
Manufacturing	59	21	23	31	27
Mineral processing	9,736	3,209	3,752	6,191	5,895
Assembly operations	71	4	-	5	5
Total	9,867	3,235	3,775	6,228	5,928

Source: Offshore Development Company, *Report on the Performance of the Export Processing Zones (EPZ) Programme: 1997-2012*.

3.77. A recent study argues that EPZs in Namibia have not met expectations in terms of job creation. Factors such as the continuous increase in fuel prices and the resultant high costs of transport and logistics, comparatively high wages, and perceived low labour productivity serve to cancel out the corporate tax relief benefits that are offered through the EPZ, and reduce the competitiveness rating and perception of Namibia as an investment location.[14] Likewise, a cost-benefit analysis of incentive programmes to attract FDI, such as the EPZ scheme, suggests that they have not been successful in delivering their stated aims. They have not been able to attract investments that are export-oriented and labour-intensive and have made little contribution towards the goals of generating employment, increasing export earnings, technology transfer and skills development.[15] Equally, companies operating under the EPZ schemes have generated little backward linkages or spillover benefits to the rest of the economy. The scheme has generated substantial costs such as: foregone tax revenue; administrative and promotional costs; capital outlays for infrastructural development; costs of purchasing land; subsidised services; public liability in the case of publicly owned and managed companies; and, social and environmental costs.[16] According to the authorities no land has been purchased for EPZ companies (in the case of Ramatex, land was leased) and capital outlays for infrastructural development is not limited to EPZ companies.

3.78. The Government is looking at ways to improve the regime, for example, by creating special economic zones which can accommodate a wider range of activities, e.g. services, manufacturing and agro-processing and which would benefit both the domestic and international markets.

3.79. In September 2014, a government-funded partnership between the Namibia Trade Forum (NTF) and the International Trade Centre (ITC) launched the ACCESS! Namibia Export Development Service for Businesswomen programme. The goal is to improve business support services for women entrepreneurs in order to increase their capacity to export and improve their

[14] Offshore Development Company, *Report on the Performance of the Export Processing Zones (EPZ) Programme: 1997-2012*.
[15] MTI and UNDP (2011), *Integrating Globally: Namibia's Aid for Trade Framework and Strategy*.
[16] Ibid.

success in regional and international markets. The programme is a technical service that imparts knowledge, not funds. It is funded by the MITSD at an initial cost of N$1.5 million.

3.80. The Namibian Investment Centre offers subsidised loans from the Namibian Development Corporation, and cash grants for exporters of locally manufactured goods of up to 50% of the real cost of specified export promotion and marketing expenses incurred. Special non-tax incentives for manufacturers include: funding of certain export promotion activities, up to a maximum of 50% of direct costs; and availability of industrial studies undertaken by the Government at 50% of their production cost to companies that wish to develop investment opportunities. Other incentives currently under investigation include: reduced airfreight for exporters; subsidised transport; subsidies on electricity, housing, training and relocation costs; and price preferences on tenders.[17]

3.81. The Namibia Financial Sector Strategy recommended the establishment of a national venture capital fund/risk facility to bridge the financing gap that is experienced by SMEs. A project team comprising the Development Bank of Namibia, the Bank of Namibia, and GIZ commissioned a feasibility study conducted in two phases: assessment of the need for a risk finance facility; and the design of such a facility. Phase 1 of the feasibility study concluded with consensus on the need for multiple risk facilities and the emergence of the SME Financing Strategy. Three facilities for the SME Financing Strategy have been proposed: a credit guarantee scheme designed to address the challenge of inadequate collateral, a constraint faced by many MSMEs when applying for credit; a catalytic first loss venture capital fund designed to finance the growth-oriented SMEs; and a challenge fund, a theme-based risk-sharing facility that will address the needs of MSMEs in terms of non-financial services that will enhance their growth and development. The three facilities are currently under consideration.

3.4 Measures Affecting Production and Trade

3.4.1 Incentives

3.82. Namibia notified two domestic support measures in 2010.[18] A livestock marketing scheme provides for the subsidization of transport and quarantine costs to farmers living north of the veterinary cordon fence (VCF).[19] This scheme is aimed at encouraging the marketing of livestock to reduce pressure on the land in cases of drought and to ensure that processing facilities have sufficient throughput. There is no specific time-period defined for application. In FY 2014/15, N$6 million was spent on this measure.

3.83. The second measure concerns strategic grain reserves (see Section 4.2).

3.84. Other domestic support measures include extension services to the agricultural sector in the form of information, communication and advisory services; research on technical issues related to crop and livestock suitability, productivity, and conservation of the ecosystem; implementation of programmes for diseases and pest control in livestock, as well as the operation of quarantine facilities and systems so as to retain eligibility of meat for export; an interest subsidy on loans for the purchase of commercial farming land by subsistence farmers; an interest subsidy for subsistence farmers on seasonal loans for crop production and longer-term loans for the purchase of draught animals and breeding stock, as well as for other essential farm development undertakings; and a fertilizer and seed subsidy, as well as ploughing services.[20]

3.85. The support programmes under the current SME Policy developed by the MITSD in 2006 consist of the Business Support Services Programme, the Entrepreneurship Development Programme and the Sites and Premises Programme. Under the Business Support Services Programme, SMEs are assisted through feasibility studies (80% of the cost is covered by the Ministry); business plan development (fully funded); environmental impact assessments (80% of the cost is covered by the Ministry); enhancement of business skills through hands-on training including business turnaround strategy development, monitoring and mentoring (fully funded);

[17] Institute for Public Policy Research (IPPR) (2014).
[18] WTO document G/AG/N/NAM/19, 15 October 2010.
[19] The VCF is a zoo sanitary fence that transects Namibia between latitude 19° and 20°. This barrier serves to separate areas based on their animal disease status and is recognized by the International Organization for Animal Disease (OIE).
[20] WTO document G/AG/N/NAM/18, 15 October 2010.

and assistance in providing an SME recognition certificate for tender purposes. The Entrepreneurship Development Programme provides SMEs with production machinery and equipment that are fully funded by the Ministry. Under the Sites and Premises programme, premises are constructed at a cost covered by the Ministry, then leased at lower prices by the Namibia Development Corporation (NDC). Its objective is to facilitate access to and effective utilization of finance and access to production space, and provide marketing services, specialized technical support, training, and consultancy services. No comprehensive review of the Business Support Services Programme has been undertaken to determine its impact on the SME sector.

3.86. In 2013 Cabinet approved the implementation of the national single window concept by the MITSD. This initiative is expected to reduce establishment costs by a significant margin. The legal and policy frameworks for the implementation of the single window are still being developed.

3.87. The NIC has engaged the Singapore Cooperation Enterprise to advise on planning and to draft recommendations for the establishment of a one-stop-shop facility. A final report is expected to be submitted to the NIC by June 2015. The integrated client service facility (ICSF), or one-stop shop, is chiefly a facility for potential investors for the coordination of information sharing related to making investments. The overall objective of the ICSF is to create a dynamic and well-positioned entity able to compete effectively in the global arena and with the capacity to effectively promote investment, disseminate information on investment opportunities, and offer an efficient facilitation and aftercare support service. Such an entity will serve as the main point of call for all international and domestic investors and as a contact point for all institutions engaged in the promotion of investment. The goal is to reduce bureaucracy in relation to the processing of investor registrations and admissions and approval-related processes, and to provide an efficient aftercare service to existing investors.

3.4.2 Competition policy and price controls

3.88. The Namibian Competition Act was promulgated in 2003, and has been in force since 2008. The Namibian Competition Commission (NaCC) was set up in accordance with the Act. The Competition Act prohibits restrictive business practices, including agreements between undertakings to fix prices, engage in collusive tendering, set minimum resale prices or limit production. It covers both horizontal and vertical agreements among businesses. The Act also prohibits abuse of a dominant position by an entity or group of entities.

3.89. In 2012, the Namibian Competition Commission published monetary merger notification thresholds and threshold criteria for the application of the abuse of dominance provisions under the Competition Act. According to the new regulations, the merger control provisions of the Competition Act apply to an undertaking whose annual turnover in, into or from Namibia exceeds N$10 million, or whose assets in Namibia are greater than N$10 million.

3.90. In 2012, the NaCC adopted a draft leniency policy, under which cartel members may secure immunity from prosecution, or significantly reduced fines, if they come forward and confess collusion. The policy is currently under review by the MITSD.

3.91. In addition to the NaCC, which is responsible for regulating competition across all economic sectors, Namibia has several authorities regulating specific sectors. These include the Bank of Namibia (BoN), the Communications Regulatory Authority of Namibia (CRAN), the Namibia Financial Institutions Supervisory Authority (NAMFISA), and the Namibian Ports Authority (Namport). Both the BoN and CRAN have clear overlaps with the NaCC in terms of competition issues. The legislation establishing NAMFISA and Namport specifies no competition mandate for either institution. Even so, situations could arise which would make it difficult for these four sector regulatory agencies and the NaCC to carry out their respective mandates due to issues of concurrent jurisdiction. So far, Memoranda of Understanding exist between the NaCC and Namport, the Bank of Namibia and CRAN, while negotiations to conclude either an MoU or MoA with NAMFISA are at an advanced stage.[21]

3.92. A Voluntary Peer Review of Namibia's competition law and policy conducted by UNCTAD indicates that stakeholders are generally satisfied with the performance of the NaCC.[22] Although

[21] Namibian Competition Commission (2013).
[22] UNCTAD (2014).

Namibia has a fairly good competition law, the study found that the provisions of the Act on anticompetitive agreements contain some hindrances to the effective control and prevention of restrictive business practices in that they do not provide for a clear distinction between the treatment of horizontal and vertical agreements, whose effects on competition are not the same, or between hard-core cartel and other "softer" horizontal agreements. While commending NaCC's enforcement of the merger control provisions of the Act, the study found that its enforcement of the restrictive business practices provisions had lagged behind, with no contravention found since the NaCC's establishment.[23] The authorities indicate that efforts are under way to ensure that NaCC has sufficient resources to ensure it meets its mandate as regards restrictive business practices.

3.93. The Government sets prices of petrol, diesel and paraffin (Petroleum Products and Energy Act, 1999). The authorities indicate that no other goods or services are subject to explicit price controls.

3.4.3 State trading, state-owned enterprises, and privatization

3.94. As of February 2015, Namibia's most recent notification concerning state-trading enterprises was made in April 2010.[24] The notification states that Namibia does not maintain any State Trading Enterprises within the meaning of Article XVII:4(a) and Paragraph 1 of the Understanding on the Interpretation of Article XVII of the GATT 1994.

3.95. There are 72 parastatals or state-owned enterprises (SOEs) operating in Namibia covering a wide variety of sectors (Table 3.4). The list of SOEs is composed of those with a statutory, regulatory, service provision or commercial function. SOEs are active in mining, electricity generation and distribution, meat processing, transport and telecommunications.

3.96. Part VI of the State-owned Enterprises Governance Act, 2006 (Act No. 2 of 2006) provides for the restructuring of SOEs, including liquidation or sale of their assets to the public. The SOE Governance Council must submit a proposed plan for the restructuring of any provisionally identified SOEs to the Cabinet for determination. No privatization of SOEs has taken place since 2008, nor is any planned at this time.

3.97. In order to supplement the State-owned Enterprises Governance Act (No. 2 of 2006), the Governance Policy Framework on SOEs was approved in 2010. SOEs are required to sign five-year performance agreements with Government and entities are run according to the King III guidelines on corporate governance using international accounting standards.

Table 3.4 State-owned enterprises, 2015

Enterprise	Establishment Act	Area of activity	State's share of capital	Market structure
Accreditation Board of Namibia	Accreditation Board of Namibia Act, 2006 (Act No. 8 of 2006)	Accreditation	100	Monopoly
Agricultural Bank of Namibia	Agricultural Bank of Namibia Act, 2003 (Act No. 5 of 2003)	Agriculture	100	Monopoly
Agricultural Business Development Agency	Government Gazette no. 247 of 1 August 2014	Facilitates production of agricultural produce	100	
Agro-Marketing and Trade Agency	Government Gazette no. 247 of 1 August 2014	Facilitates marketing and trade of agricultural products	100	
Air Namibia (Proprietary) Ltd.	..	National airline	100	Monopoly

[23] Ibid.
[24] WTO document G/STR/N/10/NAM, 12 May 2010.

Enterprise	Establishment Act	Area of activity	State's share of capital	Market structure
August 26 Holdings Company (Proprietary) Ltd.	..	Trading, construction, manufacturing and logistics	100	Monopoly
Communication Regulatory Authority of Namibia	Communication Act, 2009 (Act No. 8 of 2009)	Regulates communication provision	100	Monopoly
Development Bank of Namibia	Development Bank of Namibia Act, 2002 (Act No. 8 of 2002)	Financing	100	Monopoly
Diamond Board of Namibia	Diamond Act, 1999 (Act No. 13 of 1999)	Diamonds	100	Monopoly
Electricity Control Board	Electricity Act, 2000 (Act No. 2 of 2000)	Regulates distribution of electricity	100	Monopoly
Environmental Investment Fund of Namibia	Environmental Investment Fund of Namibia Act, 2001 (Act No. 13 of 2001)	Environment	100	Monopoly
Epangelo Mining Company (Proprietary) Limited	..	Mining	100	Monopoly
Fisheries Observer Agency	Marine Resources Act, 2000 (Act No. 27 of 2000)	Fisheries	100	Monopoly
Game Products Trust Fund	Game Products Trust Fund Act, 1997 (Act No. 7 of 1997)	Game	100	Monopoly
Henties Bay Waterfront (Proprietary) Limited	..	Accommodation	100	Monopoly
Karakul Board of South West Africa	Karakul Pelts and Wool Act, 1982 (Act No. 14 of 1982)	Karakul	100	Exclusive rights
Lüderitz Waterfront Company (Proprietary) Ltd.	..	Accommodation	100	Monopoly
Meat Board of Namibia	Meat Industry Act, 1981 (Act No. 12 of 1981)	Meat	100	Monopoly
Meat Corporation of Namibia	Meat Corporation of Namibia Act, 2001 (Act No. 1 of 2001)	Meat processing and export	100	Monopoly
Minerals Development Fund of Namibia	Minerals Development Fund of Namibia Act, 1996 (Act No. 19 of 1996)	Minerals	100	Monopoly
Motor Vehicle Accident Fund	Motor Vehicle Accident Fund Act, 2001 (Act No.4 of 2001)	Motor vehicle accidents	100	Monopoly
Namibia Airports Company	Airports Company Act, 1998 (Act No. 25 of 1998)	Airport management		Monopoly
Namibia Board of Trade	..	Trade	100	Monopoly
Namibia Bricks Enterprise (Proprietary) Ltd.	..	Bricks manufacturing		Monopoly
Namibia Development Corporation	..	Implements and oversees capital projects of the MITSD	100	Monopoly
Namibia Estate Agents Board	Estate Agents Act, 1976 (Act No. 12 of 1976)	Estates	100	Monopoly
Namibia Financial Institutions Supervisory Authority	Namibia Financial Institutions Supervisory Authority Act, 2001 (Act No. 3 of 2001)	Regulates financial institutions	100	Monopoly
Namibia Fish Consumption Promotion Trust	..	Fish promotion	100	Monopoly
Namibia Institute for Mining Technology	..	Training in mining activities	100	Monopoly
Namibia Institute of Pathology	Namibia Institute of Pathology Act, 1999 (Act No. 15 of 1999)	Pathology	100	Monopoly

Enterprise	Establishment Act	Area of activity	State's share of capital	Market structure
Namibia National Reinsurance Corporation	Namibia National Reinsurance Corporation Act, 1998 (Act No. 22 of 1998)	Insurance	100	Monopoly
Namibia Post and Telecom Holdings Ltd.	Posts and Telecommunications Companies Establishment Act, 1992 (Act No. 17 of 1992)	Post and telecommunications	100	Monopoly
Namibia Power Corporation (Proprietary) Ltd.	..	Power provision	100	Exclusive rights
Namibia Press Agency	Namibia Press Agency Act, 1992 (Act No. 3 of 1992)	Regulates press media	100	Monopoly
Namibia Qualifications Authority	Namibia Qualifications Authority Act, 1996 (Act No. 29 of 1996)	Validates qualifications	100	Monopoly
Namibia Sports Commission	Sports Act, 2003 (Act No. 12 of 2003)	Sports administration	100	Monopoly
Namibia Standards Institution	Standards Act, 2005 (Act No. 18 of 2005)	Regulates the use of national and international standards, and ensures compliance	100	Monopoly
Namibia Statistics Agency	Statistics Act, 2011 (Act No. 9 of 2011)	Central statistical authority	100	Monopoly
Namibia Tourism Board	Namibia Tourism Board Act, 2000 (Act No. 21 of 2000)	Regulates tourism activities	100	Monopoly
Namibia Training Authority	Vocational Education and Training Act, 2008 (Act No. 1 of 2008)	Regulates training institutions	100	Monopoly
Namibia Water Corporation Ltd.	Namibia Water Corporation Act, 1997 (Act No. 12 of 1997)	Water supply	100	Monopoly
Namibia Wildlife Resorts Company	Namibia Wildlife Resorts Company Act, 1998 (Act No. 3 of 1998)	Manages wildlife resorts	100	Monopoly
Namibian Agronomic Board	Agronomic Industry Act, 1992 (Act No. 20 of 1992)	Regulates agronomic industry	100	Monopoly
Namibian Broadcasting Corporation	Namibian Broadcasting Act, 1991 (Act No. 9 of 1991)	Broadcasting	100	Monopoly
Namibian College of Open Learning	Namibian College of Open Learning Act, 1997 (Act No. 1 of 1997)	Distance education	100	Monopoly
Namibian Competition Commission	Competition Act, 2003 (Act No. 2 of 2003)	Regulates pricing of commodities	100	Monopoly
Namibian Ports Authority	Namibian Ports Authority Act, 1994 (Act No. 2 of 1994)	Oversees and manages Namibian ports	100	Monopoly
Namibian Institute of Public Administration and Management	Namibian Institute of Public Administration and Management Act, 2006 (Act No. 2 of 2006)	Training in public administration and management	100	Monopoly
National Art Gallery of Namibia	National Art Gallery of Namibia Act, 2000 (Act No. 14 of 2000)	Arts	100	Monopoly
National Commission on Research, Science, and Technology	Research Science and Technology Act, 2004 (Act No. 23 of 2004)	Research	100	Monopoly
National Disability Council	National Disability Council Act, 2004 (Act No. 26 of 2004)	Disability	100	Monopoly
National Fishing Corporation of Namibia Ltd.	National Fishing Corporation of Namibia Limited Act, 1991 (Act No. 28 of 1991)	Fisheries	100	Monopoly

Enterprise	Establishment Act	Area of activity	State's share of capital	Market structure
National Heritage Council	National Heritage Council Act, 2004 (Act No. 27 of 2004)	Preservation of heritage and culture	100	Monopoly
National Housing Enterprise	National Housing Enterprise Act, 1993 (Act No. 5 of 1993)	Housing	100	Monopoly
National Petroleum Corporation of Namibia (Proprietary) Ltd.	..	Petroleum	100	Exclusive rights
National Special Risks Insurance Association (NASRIA)	Second Finance Act, 1987 (Act No. 27 of 1987)	Risk management	100	Monopoly
National Theatre of Namibia (association not for gain)	..	Arts	100	Monopoly
National Youth Council	National Youth Council Act, 2001 (Act No. 13 of 2001)	Youth services	100	Monopoly
National Youth Service	National Youth Service Act, 2005 (Act No. 6 of 2005)	Youth services	100	Monopoly
New Era Publication Corporation	New Era Publication Corporation Act, 1992 (Act No.1 of 1992)	Publications	100	Monopoly
Offshore Development Company	Export Processing Zone Act, 1995 (Act No. 9 of 1995)	Infrastructure development	100	Monopoly
Polytechnic of Namibia	Polytechnic of Namibia Act, 1994 (Act No. 33 of 1994)	Tertiary education	100	Monopoly
Road Fund Administration	Road Fund Administration Act, 1999 (Act No. 18 of 1999)	Road administration	100	Monopoly
Roads Authority	Roads Authority Act, 1999 (Act No. 17 of 1999)	Regulates road infrastructure	100	Monopoly
Roads Contractor Company	Roads Contractor Company Act, 1999 (Act No. 14 of 1999)	Road construction	100	Monopoly
Security Enterprises and Security Officers Regulation Board	Security Enterprises and Security Officers Act, 1998 (Act No. 19 of 1998)	Security	100	Monopoly
Social Security Commission	Social Security Commission Act, 1994 (Act No. 34 of 1994)	Social welfare	100	Monopoly
Star Protection Services (Proprietary) Ltd.	..	Security	100	Monopoly
Transnamib Holdings Limited	National Transport Services Holding Company Act, 1998 (Act No. 28 of 1998)	National transport Service	100	Monopoly
Trust Fund for Regional Development and Equity Provisions	Trust Fund for Regional Development and Equity Provisions Act, 2000 (Act No. 22 of 2000)	Regional development	100	Monopoly
University of Namibia	University of Namibia Act, 1992 (Act No. 18 of 1992)	Tertiary education	100	Monopoly
War Veterans Trust Fund	War Veterans Subvention Act, 1999 (Act No. 16 of 1999)	War veterans	100	Monopoly
Windhoek Machinen Fabrik (1998) (Proprietary) Ltd.	..	Machinery manufacturing	100	Monopoly
Zambezi Waterfront (Proprietary) Ltd.	..	Accommodation	100	Monopoly

.. Not available.

Source: Government Gazette No. 5213, 31 May 2013 and the Namibian authorities.

3.4.4 Government procurement

3.98. Namibia is neither a member of, nor observer to, the WTO Agreement on Government Procurement. The procurement rules governing the system of tendering are laid down in the Tender Board of Namibia Act (No. 16 of 1996), the Tender Board Regulations (approved in 1996), and the Tender Board of Namibia Code of Procedure (No. 191 of 1997). Government procurement of goods and services must be made through the Tender Board, established by the Tender Board Act. Contracts above N$10,000 must be let by public tender. Tenders are published in the Namibian Government Gazette and in at least one newspaper in Namibia.

3.99. The Tender Board Act is supported by regulations which include price preference and local content guidelines. In 2013, Namibia amended these regulations. Goods procured or manufactured in Namibia must now have a local content of at least 60% (previously 10%). In addition, a tenderer may not be allowed to import any labour, goods or services for supply in terms of a government tender except where (a) in the case of a controlled commodity, proof is provided that local sources have been exhausted; or (b) in the case of labour, or other goods or services, the tenderer must provide proof that local sourcing is not possible or could not be satisfied as requested. Finally, the definition of "company" has been broadened to include associations, close corporations, partnerships and trusts, whether created or recognized in Namibia, or elsewhere, and whether created for profit or non-profit purposes.

3.100. A Public Procurement Bill which is intended to replace the Tender Board Act of 1996 was laid before Parliament in September 2013 but later withdrawn to allow for more consultations. Further review was undertaken and the bill will shortly be reintroduced to Parliament. Unlike the current Tender Board Act, the new legislation will apply to all public institutions and will establish the proper structure to efficiently manage the public procurement system. At national level, there will be a Procurement Policy Office, which will be an advisory, oversight and compliance-monitoring body in the Office of the Minister. The Central Procurement Board will replace the current Tender Board and will deal with major contracts. The Review Panel will deal with complaints and appeals from aggrieved bidders. At the level of the public body, there will be a Procurement Committee to oversee the procurement activities of the public body and to conduct the bidding process of procurements below the threshold set for the Tender Board. The Procurement Committee will be technically assisted by the Procurement Management Unit.

3.101. Besides meeting international standards, the bill provides for empowerment measures in favour of previously disadvantaged groups, Namibian enterprises and local products. Although it establishes a Central Procurement Board, it is expected to gradually raise the thresholds to allow public bodies to deal with higher value contracts and thus move towards gradual decentralization along with capacity building.

3.102. A recent study by the Institute for Public Policy Research has identified a number of shortcomings of the legislative framework and institutional weaknesses of the public procurement process. These include the lack of an oversight body to monitor the assets, incomes and spending habits of Tender Board members and Secretariat staff; exemptions from official procurement procedures for major public procurement projects; and a growing lack of public trust in Namibia's procurement agencies evidenced by numerous legal challenges to Tender Board decisions.[25]

3.4.5 Intellectual property rights

3.103. The Industrial Property Act, 2012 (Act No. 1 of 2012) repeals a series of legislation from the pre-independence era.[26] The Act provides for the following: establishment of an Industrial Property Office and the appointment of a Registrar of industrial property; the granting, protection and administration of patents and utility model certificates; the registration, protection and administration of industrial designs, trademarks, collective marks, certification marks and trade names; the registration of industrial property agents; and the establishment of an Industrial Property Tribunal. Section 215 of the Act provides for the establishment of an Industrial Property

[25] Institute for Public Policy Research (2011).

[26] The Patents, Designs, Trade Marks and Copyright Act, 1916 (Act No. 9 of 1916) and any amendments; the Patents, Designs and Trade Marks Proclamation, 1923 (Proclamation No. 17 of 1923); the Patents, Trade Marks and Copyright Proclamation, 1940 (Proclamation No. 33 of 1940); and the Trade Marks in South West Africa Act, 1973 (Act No. 48 of 1973).

Tribunal with jurisdiction to decide upon any appeals lodged with it, decide on applications, and adjudicate on any matter under the Act. Regulations have been drafted and are undergoing scrutiny before approval. Copyright protection is offered by existing legislation dating from 1994.

3.104. According to the authorities, the new Act was required in order to repeal the outdated legislation of the pre-independence era. Industrial Property Rights were previously administered and granted under various different pieces of legislation. The new Act consolidates these various pieces of legislation into one. Furthermore, the 2012 Act addresses current realities and takes into account Namibia's international obligations, such as treaties administered under WIPO, the WTO and ARIPO.

3.105. In an effort to improve service delivery and ensure effective administration of business and intellectual property rights (IPRs) registration, the Business and Intellectual Property Authority (BIPA) has been established under the auspices of the MITSD. BIPA serves as a one-stop centre for all business and IPR registrations and related matters. BIPA is currently established under section 21 of the Companies Act, pending the enactment of the enabling legislation to transform it into a fully-fledged regulatory body. The functions of BIPA are: to be the central focal point for the registration, administration and protection of businesses, and commercial and industrial property rights; and to be the legal depository of the information, documents and data that must be lodged under the applicable legislations. BIPA will further be tasked with the provision of general advisory services and the dissemination of information on business registration and IPRs.

3.106. Namibia is a member of the World Intellectual Property Organization and of the African Regional Industrial Property Organization. It is also a member of various other IPR treaties (Table 3.5).[27]

Table 3.5 IPR treaties to which Namibia is a party, 2015

Treaty	Entry into force (for Namibia)
Hague Agreement (Industrial Designs)	30 June 2004
Madrid Agreement (Marks)	30 June 2004
Madrid Protocol (Marks)	30 June 2004
Paris Convention (Industrial Property)	1 January 2004
Patent Convention Treaty	1 January 2004
WIPO Convention	23 December 1991
Berne Convention (Literary and Artistic Works)	21 March 1990
Lusaka Agreement (ARIPO)	14 October 2003
Harare Protocol (Patents and Industrial designs)	23 April 2004
Banjul Protocol (Marks)	14 January 2004

Source: WIPO.

3.4.5.1 Copyright and neighbouring rights

3.107. Copyright and neighbouring rights are protected under the Copyright and Neighbouring Rights Protection Act (No. 6, 1994, as amended) which is administered by the Audiovisual Media, Copyright Services and Regional Offices Directorate of the Ministry of Information and Communication Technology. Protection is given to literary, artistic, and musical works embodied in media such as films, sound recordings, broadcasts and published editions, by providing owners with exclusive rights as required by the Berne Convention. The Act is described in detail in the last TPR report.

3.4.5.2 Industrial property rights

3.108. The new Industrial Property Act, 2012 covers, *inter alia*, patents, utility model certificates, industrial designs, trademarks, collective marks, certification marks and trade names.

3.4.5.2.1 Patents

3.109. Patents are available for any invention, whether products or processes, in all fields of technology, provided the invention is new, involves an inventive step and is industrially applicable.

[27] The Swakopmund Protocol on the Protection of Traditional Knowledge and Expressions of Folklore within ARIPO was signed by Namibia in August 2010 and is awaiting ratification.

Matter excluded from patentability include scientific discoveries; artistic works; schemes or methods for doing business; computer programs; presentations; diagnostic, therapeutic and surgical methods for the treatment of humans or animals; plants and animals (other than micro-organisms) and essentially biological processes for their production; the human body and the whole or parts of natural living beings and biological materials found in nature; new uses of a known product or process; and inventions contrary to public order or morality. A patent holder has the right to exclude all other persons from exploiting the patented invention in Namibia without his or her authority. Penalties are foreseen in the Industrial Property Act, 2012, in the case of infringement. A patent expires 20 years after the date of filing of the application. A patent granted by ARIPO by virtue of the Harare Protocol has the same legal standing as a patent granted under the Act, unless otherwise communicated by the Registrar to the contrary. In 2014, 34 applications for patents were received, of which 12 were registered.

3.110. Under the Act, a compulsory licence may be granted by the Tribunal in the event of non-working or insufficient working of a patent[28], if the patent cannot be exploited in Namibia without infringing an earlier patent (interdependence of patents), or to safeguard the public interest. The latter is relevant in particular in cases of national security, nutrition, health or the development of other vital sectors of the national economy. A compulsory licence granted for reasons of non- or insufficient working or interdependence of patents is non-exclusive and not transferable. In the event of exploitation of a patented invention by Government in the public interest, adequate compensation must be provided unless importation takes place under the WTO's Decision on Compulsory Licensing or Article 31 bis of the TRIPS Agreement and the exporting country issues a compulsory licence for the same patented invention. No compulsory licences have been granted thus far.

3.4.5.2.2 Industrial designs and utility models

3.111. The Industrial Property Act, 2012 provides protection for new industrial designs classified in accordance with the Locarno Agreement. The registered owner of a design has exclusive right of use, including in relation to imports of any article included in the class in which the design is registered. The registration in respect of a design expires 15 years after the application filing date. The Act allows for remedies in case of infringement of industrial designs. An industrial design granted by ARIPO by virtue of the Harare Protocol has the same legal standing as a design granted under the Act, unless otherwise communicated by the Registrar to the contrary. A design which is the subject of an international registration under the Hague Agreement in which Namibia is designated is protected in Namibia as if it had been registered under the Act. There is no provision in the Act for compulsory licensing of industrial designs. In 2014, one industrial design application was received and registered.

3.112. The Act provides for the granting of utility model certificates to protect utility models which are new and industrially applicable. Model certificates are valid for seven years. No provision is made in the Act in case of infringement of utility models. The Act is not enforced and thus utility model certificates are not registered.

3.4.5.2.3 Trademarks, collective and certification marks, and trade names

3.113. Under the Industrial Property Act, 2012, trademarks may cover both goods and services and be limited in whole or in part to a particular colour or colours. The registration of a trademark is valid for 10 years and is renewable for periods of 10 years thereafter provided the prescribed renewal fee is paid. Registration of a trademark confers exclusive rights. Acts of infringement brought before the Tribunal may result in interdiction, a removal order, or payment of damages or royalties. A trademark which has been registered by ARIPO under the Banjul Protocol in respect of which Namibia is a designated State is protected in Namibia as if it had been registered under the Act. The owner of a trademark which is entitled to protection as a well-known mark under the Paris Convention may restrain its use in Namibia even though it is not registered in Namibia.[29]

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[28] After the expiration of a period of four years from the date of filing of the patent application or three years from the date of the granting of the patent, whichever period expires last.

[29] This provision of the Act applies only from the date of entry into force of the Act or from the date on which the well-known trademark became entitled to protection under the Paris Convention in Namibia, whichever date is later.

3.114. Namibia does not have a *sui generis* legal instrument for the protection of geographical indications. However, geographical names or other indications of geographical origin may be registered as certification or collective trademarks under the Act.

3.115. The authorities indicate that only one trademark was registered in 2014 due to a backlog in the examination process, observation of the two-month opposition period resulting from the publication of marks in the Government Gazette, and awaiting responses from clients on examination actions taken. The authorities indicate that they have had no reports of parallel imports.

4 TRADE POLICIES BY SECTOR

4.1 Agriculture

4.1. Agriculture is Namibia's second largest primary industry after mining (Section 1). Approximately 48% of Namibia's rural households depend on subsistence agriculture. Over the period reviewed, the performance of the agricultural sector was weaker than projected due to drought, weak links with available markets and high levels of competition with imported products. In the period 2007-12, total agricultural production declined by 2.3% on average annually.[1] Agricultural production per capita declined by 3.7% on average annually between 2007 and 2012, compared to an increase of 2.4% over the preceding six years.[2] Namibia continues to import more than 50% of the cereals and horticultural products consumed locally.

4.2. The Namibia Statistics Agency and the Ministry of Agriculture, Water and Forestry are conducting an agricultural census of both communal and commercial areas, the first since 1994/95.[3]

4.3. Namibia's agricultural production is presented in Table 4.1. Cattle, goats, sheep and pigs contribute over 75% of overall agricultural output value. Cereals such as flour maize and millet experienced a decline in production since 2008, particularly in 2013 due to drought conditions.

Table 4.1 Namibia's agricultural production, 2008-13

(Thousand tonnes, and % of world)

Item	Production ('000 tonnes)						2012 share of world (%)
	2008	2009	2010	2011	2012	2013	
Beer of barley	156.0	208.0	175.5	175.5	175.5	..	0.09
Milk, whole fresh cow	109.0	110.0	115.0	115.0	118.0	..	0.02
Maize	44.6	51.8	50.0	48.0	63.2	72.4	0.01
Flour maize	113.7	122.5	125.3	67.3	77.3	..	0.05
Millet	35.5	37.3	73.3	41.2	55.9	24.7	0.19
Live cattle (per head)	127,426	126,461	194,117	201,682	128,493	262,929	..
Meat production	42.1	41.2	44.4	42.6	38.2	45.5	0.08
Flour wheat	43.2	22.0	30.7	39.3	39.3	..	0.01
Flour millet	30.1	33.5	30.8	45.0	25.3	..	0.13
Grapes	20.1	21.0	20.4	23.0	26.3	24.0	0.03
Onions, dry	14.3	18.7	19.8	20.0	21.5	..	0.03
Fruit, fresh n.e.s.	19.0	11.8	19.0	20.0	21.0	..	0.07
Vegetables, fresh n.e.s.	17.5	17.0	18.0	18.5	20.0	..	0.01
Pulses n.e.s.	18.0	21.0	19.0	18.8	19.5	18.5	0.36
Wheat	12.1	11.6	12.4	10.0	11.9	14.8	0.00
Live sheep (per head)	63,010	85,946	111,165	67,282	85,477	217,246	
Sheep production	35.3	40.0	38.7	34.0	35.5	39.0	
Beverages, non-alcoholic	13.6	13.6	13.6	13.6	13.6	..	0.07
Potatoes	8.6	12.1	12.5	13.0	13.5	13.0	0.00
Bran wheat	13.2	6.8	9.4	12.1	12.1	..	0.01
Sugar refined	2.8	11.0	11.4	11.5	11.5	..	0.01
Dregs from brewing distillation	9.6	12.8	10.8	10.8	10.8	..	0.05
Tomatoes	8.7	8.1	8.5	7.8	8.2	..	0.01
Sorghum	4.4	4.7	5.0	4.9	7.7	7.0	0.01

[1] FAOSTAT.
[2] FAOSTAT.
[3] The results of the 2012 livestock census can be viewed at: http://www.nammic.com.na/index.php?option=com_jdownloads&Itemid=146&view=viewdownload&catid=2&cid=158.

Item	Production ('000 tonnes)						2012 share of world (%)
	2008	2009	2010	2011	2012	2013	
Meat, indigenous chicken	6.1	6.8	6.8	7.2	7.6	..	0.01
Bran maize	10.7	11.5	11.8	6.3	7.3	..	0.04
Goats (per head)	237,914	244,544	255,263	251,777	229,171	209,994	..
Cabbages and other brassicas	7.4	5.2	6.5	6.4	6.5	..	0.01
Meat game	5.7	5.7	6.4	6.4	6.4	..	0.32
Pigs (per head)	30,865	27,526	43,910	21,646	35,910	39,149	..
Watermelons	6.2	3.8	4.0	3.9	4.0	..	0.00

.. Not available.

Note: Items are identified by the volume of production in 2012.

Source: FAO Stat. Viewed at: http://faostat3.fao.org/faostat-gateway/go/to/browse/Q/*/E. Accessed on 9 September 2014. Namibia Agronomic Board (NAB) Annual Report 2013-2014; Namibia Meat Board; Namibia Grape Growers Association.

4.1.1 Land tenure

4.4. In Namibia, the agricultural sector is divided into a commercial farming subsector, where farms are privately owned, and a communal farming subsector, where farmers operate on land held under a communal tenure system. Crop production is concentrated in the northern regions of Namibia, which are semi-arid and whose soils have low fertility. There are initiatives to expand the geographic scope for plant-based agricultural production where water and other environmental conditions allow for such production, mainly along perennial rivers and large dams, thereby providing significant employment opportunities and other economic benefits.

4.5. Agricultural commercial land in Namibia is governed by the Agricultural (Commercial) Land Reform Act, 1995, which provides for the acquisition of agricultural land by the Government for land reform purposes and redistribution to Namibians. The National Land Policy of 1998 recognizes various forms of land tenure and ascribes equal status under the law to several forms of land rights and several categories of land rights holders. The policy is based on a unitary land system which provides for equal rights and opportunities across a range of tenure systems, irrespective of where the land is located. One of the main objectives of the National Resettlement Policy, 2001 is access to land with secure tenure. The policy's other objectives are to redress past imbalances in the distribution of economic resources, especially land and secure tenure; and offer Namibians an opportunity to reintegrate into society, the main target groups being individuals with no land, income or livestock. Communal land is administered through the Communal Land Reform Act, 2002 which provides for the allocation of rights to communal land outside the boundaries of proclaimed towns. It establishes the communal land boards and regulates the powers of traditional authorities in relation to communal land.[4]

4.6. The Flexible Land Tenure Act, 2012, aims to provide affordable tenure security for informal urban settlers. It aims to create alternative forms of land title of benefit to the urban poor that are simpler and cheaper to administer than existing forms of land title; to provide security of title for persons living in informal settlements or who are provided with low income housing; and to empower the persons concerned economically by means of these rights. In particular, the Act introduces two new types of tenure, the starter title and the land hold title, which are complementary to the existing freehold title. The Communal Land Reform Amendment Act, 2013 amending the Communal Land Reform Act, 2002, restricts foreign nationals from acquiring customary land rights or the right to leasehold in communal areas[5] and provides for the granting of occupational land rights in respect of portions of communal land to institutions providing public services. The Agricultural (Commercial) Land Reform Amendment Act, 2013 amends the Agricultural (Commercial) Land Reform Act, 1995 to provide for making regional governors members of Land Reform Advisory Commission committees. The Land Reform Act regulates the

[4] Matthaei and Mandimika (2014).

[5] Under the Act, customary land rights that may be allocated in respect of communal land are: a right to a farming unit; a right to a residential unit; and a right to any other form of customary tenure that may be recognized and described by the Minister.

acquisition of agricultural land by foreign nationals. No foreign national is allowed to acquire agricultural land without the prior consent of the Minister.

4.1.2 Agricultural policy

4.7. The agricultural sector is one of four strategic sectors identified by the Government of Namibia in its fourth National Development Plan (NDP4) 2012/13-2015/16 due to its growth and employment generation potential. The stated desired outcome of NDP4 is average real growth in agriculture of 4% per annum over the plan's period. Food self-sufficiency and national food security remain key priorities. Strategies to be deployed to achieve the NDP4 outcome are: the continued promotion of the Green Scheme; initiatives to increase the land's carrying capacity for livestock; the establishment of agricultural fresh produce markets; and the establishment of other agricultural infrastructure such as silos (National Strategic Food Reserve Facilities) and research stations.[6] According to the NDP4, government interventions in the sector will continue to be substantial and will include allocations to agriculture in the budget, tax concessions, and increasing exports of Namibian agricultural products, for example through assisting livestock farmers in communal areas in accessing markets.

4.8. The focus on agriculture under the NDP4 goes beyond production to include large-scale development of the agribusiness and agro-industrial sectors. The intention is to continue to improve financial and technical support to agricultural activities, including the provision of farming tools and implements; technical expertise and advice; seed and fertilizer; and agriculture-related infrastructure.

4.9. The Ministry of Agriculture, Water and Forestry (MAWF) is responsible for implementation of the NDP4 objectives in the agricultural sector. The last white paper on agricultural policy dating from 1995 is being amended. Although the focus is on food security, the policy is multi-dimensional and covers food processing, value addition, increasing food production and maximizing opportunities.

4.10. In October 2011, the MAWF formulated an Agricultural Marketing and Trade Policy and Strategy with the aim of contributing to the achievement of the agricultural sector's objectives as reflected in Vision 2030 and NDP4. The main marketing objectives of the strategy include stimulating downstream agro-industries, improving competitiveness of the agricultural industries, increasing local products' share of the domestic market and increasing the contribution of agriculture to the national economy.

4.11. The Namibian Agronomic Board (NAB) is the official marketing board for controlled agricultural products (white maize, wheat and pearl millet or mahangu and their milled products, and fresh horticultural products). The board is funded by levies payable on the production and processing (milling) of controlled crops. Pearl millet (mahangu), wheat and white maize producers and millers pay a levy of 1.4% plus VAT on the selling price.

4.12. In February 2015, the MAWF announced increases in the general levies applicable to imports of pearl millet, wheat and white maize seeds (5% plus VAT on the landed cost, up from the 2012 rate of 0.95%). The general levies applicable to horticultural products were increased as of December 2014. Producers, purchasers and sellers of horticultural products pay a levy of 1.4% on the selling price (up from the 2002 rate of 1.2%), while importers pay a levy of 5% (up from 1.2%). Levies on all such products are to be collected by the Agro-Marketing and Trade Agency appointed by the Namibian Agronomic Board.

4.13. In order to expand and promote the commercialization of mahangu, a Mahangu Marketing Plan (MMP) was developed by NAB and the MAWF and implemented as of 2010. The aim of the MMP is to increase surplus mahangu marketing by establishing marketing points closer to mahangu producers and to train farmers in business and production economics. A total of 1,422 farmers have been trained in business and production economics since the MMP's inception. The mahangu producer floor price has been de-linked from that of white maize and is now based on the mahangu production input cost. In 2013, the mahangu producer floor price was N$3.50 per kg.

[6] Namibia's Fourth National Development Plan (2012), p. 18.

4.14. In 2011, the MAWF piloted a debushing programme aimed at restoring the environment, improving the condition of rangeland, and increasing the productivity of land for both crops and livestock. The programme has the potential to create jobs either directly, through combating bush encroachment, or indirectly, by increasing productive farmland. In the long run, the debushing programme has the potential to increase economic growth and rural economic development, using labour-intensive methods.

4.15. The Water Resources Management Act, 2013 which repeals the Water Act (No. 54 of 1956) provides for the management, protection, development, use and conservation of water resources. It also provides for the regulation and monitoring of water services. The Act establishes a Water Advisory Council to provide advice on water policy development and review; water resources management; and water abstraction and use. The Act establishes a water regulator responsible for setting tariffs for fees and charges that may be levied by water services providers, setting operational targets, and monitoring the performance of water services providers. Tariffs are to be determined by the water regulator on a full cost recovery basis. Under the terms of the Act, an Integrated Water Resources Management Plan is to be prepared**.** Part 16 of the Act makes provision for water service plans, conservation, demand management and the implementation of efficient water management practices. Regulations to implement the Act are currently under preparation.

4.16. Namibia's notifications to the WTO in 2010 indicate that no export subsidies in agriculture were maintained during the years 2002-09.[7] The authorities indicate that no export subsidies on agriculture were granted in the period 2010-14. Namibia reserved its right to use the special safeguard provision of Article 5 of the Agreement on Agriculture, but has indicated that such safeguards were not invoked during the period 2000-09.[8] The authorities indicate that the special safeguard was not used during the period under review. Namibia has notified details of its domestic support commitments in agriculture for the financial years 2000/01 to 2009/10.[9]

4.17. Agricultural research is undertaken by the Directorate of Agricultural Research and Training within the Ministry of Agriculture, Water and Forestry. Efforts are focused on plant production research such as crop improvement, crop diversification and plant-soil nutrient management; vegetation surveys; support to indigenous plants products; and livestock research and development. Agricultural training, especially of emerging commercial, small-scale irrigation, resettled and communal farmers is an important part of the mandate of the Division of Agricultural Training. Other research bodies include the Desert Research Foundation of Namibia, the National Commission on Research Science and Technology, Gobabeb Research Centre, the University of Namibia and the Polytechnic of Namibia. In addition, Cabinet has approved the creation of a National Agricultural Research Institution (NARI), with the flexibility to offer competitive salaries and generate funding through its own activities.

4.18. Namibia does not currently have any seed laws or seed certification schemes to regulate or direct activities and quality standards in the seed sector. The Namibia Seed Policy was finalized in 2013. The policy addresses the challenges in the seed industry in respect of research, imports, production and quality control, marketing, distribution and the building up of strategic seed reserves, as well as developing an institutional legal framework.

4.19. The tariff is the main policy instrument in the agriculture sector. The SACU common external tariff on products of agriculture, hunting and fishing (ISIC Rev.2 category) averages 3.5% in 2015, and is predominantly *ad valorem*, ranging from zero to 35%. The average CET on fishing is 1.7%, *ad valorem*, ranging from 0% to 30%. Average tariffs on forestry and logging are 2.7%, *ad valorem*, and range from 0% to 25%.

4.20. The Directorate of Veterinary Services (DVS) and the Plant Health Division (PHD) are the authorities responsible for sanitary and phytosanitary measures.

4.21. In June 2014, Namibia signed a two-year US$1.5 million agreement with China and the FAO to boost agricultural production and tackle food and nutrition insecurity. The project aims to

[7] WTO document G/AG/N/NAM/16, 26 April 2010.
[8] WTO document G/AG/N/NAM/17, 26 April 2010.
[9] WTO documents G/AG/N/NAM18 and G/AG/N/NAM/19, 15 October 2010.

improve rice development and increase yields of horticultural crops, as well as improve understanding and mutual exchange of veterinary policies, regulations and standards.

4.22. Incentives available to agro-processing companies are shown in Table 4.10.

4.1.3 Key subsectors

4.1.3.1 Livestock

4.23. Livestock farming contributes about 3% to the GDP of Namibia. The structure of the Namibian beef industry has remained largely unchanged during the period under review. Nonetheless the drought in 2013 contributed to a spike in live exports and a slight increase in slaughtering for domestic and regional markets. Government policy in the livestock sector is to increase livestock production, develop the livestock sector in the northern communal areas and increase value added to primary products.

4.24. A Veterinary Cordon Fence (VCF) separates the northern communal areas from the south of the country. Due to the foot-and-mouth disease (FMD) status of the northern region, cattle originating from these areas may not be marketed in the FMD-free zone, south of the VCF. This restriction protects the access of beef produced in the FMD-free zone to export markets, particularly the EU and EFTA markets. Beef from northern areas is marketed to limited export markets in SADC, with South Africa, Angola and the DRC as the current market destinations.

4.25. The production of cattle south of the VCF has declined while production in the north has increased over time based on census data provided by the Directorate of Veterinary Services between 1990 and 2006. The declining production in the south is compounded by various factors including changes in herd composition and shifts in production systems from slaughter cattle production to weaner production and steers. Diversification from livestock and cattle into game and tourism ventures has also impacted negatively on the production of cattle. Bush encroachment remains an increasing concern and limiting factor for available grazing and sustainable slaughter cattle farming.[10]

4.26. In 2013, the livestock subsector contracted by 39.2% due to a serious drought. Namibia's total cattle herd amounts to approximately two million, of which more than 400,000 are marketed every year.

4.27. The Meat Board of Namibia, established under the Meat Industry Act (No. 12 of 1981) as amended, provides for control over the grading, sale, import and export of livestock, meat and meat products, and the levies on these items. The Board is funded by various levies on the import and export of livestock and livestock products (Section 3). Part of the levy is used to fund the Farm Assured Namibian Meat Scheme[11] and for the provision of emergency veterinary services. The Meat Board also manages the carcass grading system, on the basis of which the price is set by local abattoirs. Meatco, a corporation established in 2001 with the purpose to serve, promote and coordinate the interests of livestock producers, plays the leading role in setting the domestic price for beef, using South African prices as the benchmark.[12] Meatco operates various slaughter facilities across Namibia and engages in related manufacturing and other production activities.

4.28. In November 2014 Namibia adopted new conditions for carcass classification and import and export standards. The carcass classification conditions are still based on South African regulations, and are a prerequisite to acquire a Meat Board export permit for the export of commercial consignments of meat. The new conditions for the import and export standards of meat will allow better control over substandard products that could have a negative impact on Namibia's domestic

[10] Meatco, *Annual Report 2013*, page 45.

[11] The Farm Assured Namibian Meat Scheme managed by the Meat Board is designed to allow Namibian producers to comply with the requirements of the EU and to put the necessary infrastructure in place to enable the Directorate of Veterinary Services to certify that minimum requirements have been met. The scheme combines existing legislation with good management practices and record keeping and an undertaking from all stakeholders in the meat industry to ensure that the required standards are maintained. Participants include livestock producers, agents and processing plants.

[12] Although listed as a State-Owned Enterprise under the State-owned Enterprises Governance Act 2006 (No. 2 of 2006), the State has no shareholding or direct financial interest in Meatco.

and foreign markets. Minimum standards for the import and export of meat for commercial purposes are expected to be implemented in 2015 and put into practice by the Meat Board.

4.29. As of November 2014, Namibia reinstated a 30% export levy on live slaughter-ready mature cattle weighing in excess of 450 kg. The authorities indicate that the export levy was reinstated as a drought relief measure to discourage exports of live cattle, thereby promoting value addition and employment creation locally and to ensure beneficiation by developing downstream industries. Cabinet has approved an amendment of the existing 6:1 local slaughter/export ratio to a 1:1 ratio until the industry develops a long-term small stock marketing strategy to ensure value addition along the whole chain.

4.30. The Animal Health Act, 2011 provides for the prevention, detection and control of animal disease and the maintenance and improvement of animal health. In particular, it sets out details of permits required for the importation of animals, animal products and restricted material; health certificates required for export of animals, animal products and restricted material; provisions relating to disease prevention and control; animal movement control and traceability; and enforcement and compensation.

4.31. In 2009, Namibia adopted Animal Identification Regulations to help the prevention, control and eradication of animal disease and parasites by implementing a livestock identification and traceability system with requirements that enable the origin, movements and fate of designated animals to be traced. These include on-farm double ear-tagging of cattle (one visual ear tag and one radio frequency identification device). The cost of the ear tags is N$22 per animal for standard and N$25 for maxi ear tags. The regulations further stipulate that tagged cattle have to be individually registered in the Namibian Livestock Identification and Traceability System database.

4.32. Apart from the Livestock Marketing Incentive Scheme for the northern communal areas, no other subsidies were provided to the livestock sector. However, due to the severe drought of 2013 that affected livestock producers, the Government, through the National Drought Policy and Strategy of 1997, provided financial assistance to farmers who marketed their livestock to cushion low prices at the abattoirs and to prevent livestock mortality due to drought.

4.33. In 2012, Namibia officially changed the breed name of Namibian karakul sheep to swakara (an abbreviation for South West African karakul). The fur of the swakara experienced a boom in recent years with average prices increasing over the last ten years by more than 400%, from N$135 per pelt in 2003 to N$650 per pelt in 2012. Since late 2013, however, prices have softened. Annual production of swakara is around 140,000 pelts.

4.2 Crop Production

4.34. Crop production in Namibia is highly susceptible to external factors such as floods, droughts and damage caused by wildlife. Climate change poses a significant threat to global food security, sustainable development and poverty eradication. The authorities are aware of the need to address these challenges and take steps to make Namibian agriculture more resilient. Arable land in Namibia accounts for only about 1% of the total. Climatic and soil conditions are less suitable for agricultural production.

4.35. White maize is grown in Namibia under both rain-fed and irrigation conditions with irrigation farms yielding more than double the rain-fed yield on average. Local production of white maize accounted for 43% of net domestic consumption in FY 2012/13. In a summer rainfall country such as Namibia, wheat can only be planted under irrigation during the winter months after the maize harvest. Wheat imports increased from 61,665 tons in 2008 to 84,543 tons in 2012 while local production remained broadly similar over the period under review. Local production of wheat accounted for 15% of total domestic consumption in FY 2012/13. Production of mahangu in 2012-13 was half that of the previous year (in conditions of drought and heatwave), while imports more than doubled.

4.36. The Government has constructed national strategic food reserve facilities to support the marketing of cereals. Grain silos are being built around the country to provide for the safekeeping of harvested grain. In 2013, NAB put aside N$6 million to subsidize the construction of silos by registered millers.

4.37. Other crops produced in Namibia are yellow maize, sorghum, groundnuts, sunflower beans, and lucerne. Fruit and vegetables, such as citruses, dates, grapes, cabbages, tomatoes, butternuts, onions and potatoes are also produced. Despite being one of the driest countries in the world, it is estimated that potentially about 50,000 ha of undeveloped land in Namibia could be irrigated from the perennial rivers that border the country and from underground water resources. Developing this land would increase horticultural production significantly.[13]

4.38. The Agro-Marketing and Trade Agency (AMTA), established under the MAWF in 2013 is responsible for managing fresh produce hubs and strategic grain reserves to encourage processing, marketing and value addition to fresh produce in the region. Agents are private sector operators and marketing is on a commission basis. Under the scheme, wholesalers enter into long-term supply contracts with farmers.

4.39. In order to stimulate potato and onion production and to promote domestic sales of Namibian produce, the NAB introduced a Potato and Onion Scheme in 2014, whereby wholesalers, retailers and catering companies are encouraged to source their produce locally. According to the authorities, successful implementation of the Potato and Onion Scheme will lead to the identification and inclusion of other horticultural commodities. Cabbages, tomatoes, carrots, green peppers and sweet potatoes have been identified as potential commodities in this regard.

4.40. The Green Scheme Policy established in 2008 aims to increase the production of crops under irrigation and create a target area of approximately 27,000 hectares under irrigation over a period of 15 years, thereby increasing the contribution of agriculture to the country's GDP. The recently established Agricultural Business Development Agency (AGRIBUSDEV) is responsible for oversight of the Green Scheme. An audit of the Green Scheme Programme for financial years 2008-12 found that while its objectives had been broadly achieved, a number of shortcomings with the programme were identified including non-compliance with contract obligations and lack of record keeping.[14] The formulation of specific strategies to achieve the irrigation target area were lacking and details of progress made in terms of the set target area could not be determined due to information deficiencies.

4.3 Fishing and Aquaculture

4.41. Namibia's marine resources are found in one of the most productive fishing grounds in the world. This productivity results from the Benguella Current System, an eastern boundary current upwelling system, which supports rich populations of demersal and pelagic fish. Fisheries continue to provide an important contribution to Namibia's economy. Its contribution to real GDP has fallen over the period reviewed mainly due to poor catches and higher fuel and labour costs. However, despite the decline in landings, Namibia continues to export almost all its annual catch. Exports of fish and fish products accounted for N$7.1 billion in 2013, making revenue from fisheries the second most important earner of foreign exchange, after mining (Table 4.2). The export value in fish and fish products has decreased since 2008 due to fluctuations in fuel, product prices and exchange rates. Over 14,000 people are employed in the fisheries sector.

Table 4.2 Value of fish and fish products, 2008-13

(N$ million)

Value	2008	2009	2010	2011	2012	2013
Landed value	4,290	5,087	4,620	4,619	5,833	6,362
Final value	5,084	4,789	4,889	5,334	8,433	9,329
Export value	4,935	4,637	4,264	4,984	5,766	7,087
% of total export of goods	14%	15%	14%	13%	13%	15%

Source: Ministry of Fisheries and Marine Resources.

4.42. Namibia's main export markets for fish are as follows: EU and South Africa (hake, monk, and tuna); DR Congo, Mozambique, Zambia, and Zimbabwe (horse mackerel); Japan (rock

[13] FAO, *Country Programming Framework for Namibia 2014-2018*, undated, Rome.

[14] Report of the Auditor-General on a Performance Audit Study on the Green Scheme Programme in the Mnistry of Agriculture, Water and Forestry for Financial Years 2009, 2010 and 2011, July 2013.

lobster); China (crab); South Africa (pilchards); Spain, Japan and US (tuna, swordfish and shark); and Turkey, China and South Africa (seals).

4.43. The Ministry of Fisheries and Marine Resources (MFMR) manages capture fisheries (marine and freshwater/inland) and aquaculture (mariculture and freshwater). To date, inland capture fisheries and freshwater aquaculture are largely undeveloped and have primarily served as contributors to food security and income generation in rural households. Marine capture fisheries are an important pillar of the Namibian economy and produce fish mainly for export. While horse mackerel fishery has the largest landings by far, it generates less revenue than hake fishery which is exported to the EU and commands better prices.

4.44. The strategic objectives of the Ministry as laid out in its Strategic Plan (2009-14) include: increasing the contribution of the fishery sector to employment creation; improving the contribution of aquaculture to food security; reducing fisheries' dependence on traditional markets; and encouraging processing onshore in order to increase value addition prior to export to boost employment in the sector. There are 25 approved fish processing facilities in Namibia. Fish landings of the main commercial species are shown in Table 4.3.

Table 4.3 Fish landings (main commercial species, 2008-13)

(Tonnes)

Fish species	2008	2009	2010	2011	2012	2013
Crab	2,100	1,468	2,007	2,285	2,795	3,084
Hake	117,286	137,312	146,353	146,676	145,931	146,936
Horse mackerel	186,996	215,051	217,094	198,666	286,934	308,121
Kingklip	3,424	4,380	3,069	3,045	4,140	3,850
Monk	7,270	6,922	9,028	7,243	10,763	9,471
Pilchards	18,755	20,137	23,424	31,774	26,259	24,799
Rock lobster	195	43	82	166	118	185
Tuna	3,281	4,241	2,884	4,655	2,586	1,049
Other fish species	12,973	15,791	16,791	43,975	34,388	27,976
Total	**352,280**	**405,525**	**420,732**	**438,485**	**513,914**	**521,621**

Source: Ministry of Fisheries and Marine Resources.

4.45. The MFMR sets a total allowable catch (TAC) annually for all major or commercial fisheries with the objective of managing resources sustainably and preventing overexploitation of Namibian fish stocks.[15] Total allowable catch figures are shown in Table 4.4.

Table 4.4 Total allowable catch, 2008-14

(Tonnes)

Fish species	2008	2009	2010/11	2011/12	2012/13	2013/14
Hake	130,000	149,000	140,000	180,000	170,000	140,000
Horse mackerel	230,000	230,000	247,000	310,000	350,000	350,000
Monk	9,500	8,500	9,000	13,000	14,000	10,000
Orange roughy	900	n/a	n/a	n/a	n/a	n/a
Pilchards	15,000	17,000	25,000	25,000	25,000	25,000
Red crab	2,500	2,700	2,700	2,850	3,150	3,150
Rock lobster	350	350	275	350	350	350

Source: Ministry of Fisheries and Marine Resources.

4.46. In order to encourage value addition, the MFMR introduced a requirement under the 2014 quota allocation that 2% of the horse mackerel TAC be directed to the horse mackerel cannery.[16] According to the authorities, the processing of horse mackerel on land for export to regional

[15] Fishery scientists in the Ministry make suggestions for the TAC to a working group composed of economists and scientists. The working group then makes recommendations to the Marine Resources Advisory Council which includes various stakeholders. The Advisory Council's advice is then forwarded to the Minister for consideration and a decision and to the Cabinet for endorsement.

[16] For 2015, the requirement has been increased from 2% to 5%.

markets has increased, resulting in a growth in employment which is expected to continue. In 2013, 15,000 tonnes were allocated for onshore processing to promote value addition and employment creation (in 2014, 26,000 tonnes were allocated, an increase of 73%). Apart from government intervention to encourage value addition through the 2% requirement and the quota allocated for processing, about 40,000 tonnes has been used for value addition through onshore processing. This has resulted in the development of new products such as onshore dried fish and canned horse mackerel, which has resulted in onshore job creation.

4.47. The production of fish from Namibia's inland fisheries sector is estimated to be 2,000 tonnes per annum in the Caprivi Region, 800-1,000 tonnes in the Okavango Region, 250 tonnes in the Cuvelai system and minimal amounts in the Orange and Kunene Rivers. The types of fish species harvested in inland waters are tiger fish, bream and catfish. Namibia's fledgling aquaculture industry has experienced significant expansion over the past five years following support from the Government in the form of infrastructure development, the development of technology and aquaculture systems, research, training, seed provision and fish feed formulation and supply (Table 4.5).

Table 4.5 Aquaculture production, 2010-14

(Tonnes)

	2010	2011	2012	2013	2014
Mariculture	485	525	436.6	491	706.3
Freshwater aquaculture	60	154.2	61.8	111.3	36.7

Source: Ministry of Fisheries and Marine Resources.

4.48. The shellfish industry is predominantly private sector driven. Regulations for aquatic organisms have been formulated and gazetted in accordance with the Aquaculture Act (2002).[17] These regulations apply to the import, export and movements of aquatic animals, and to the control of disease and complement the quality control measures for fish and aquaculture products.

4.49. During 2012 a total number of 256 vessels were licensed to operate in the Namibian Exclusive Economic Zone, up from 199 in 2010. The increase in the fishing fleet was in the hake, horse mackerel, long line, and line fish fisheries.

4.50. Namibia participates together with Angola and South Africa in the Benguela Current Commission (BBC), a multi-sectoral initiative to promote integrated management, sustainable development and protection of the environment within the Benguela Current Large Marine Ecosystem (BCLME) region. The BCLME spans some 30 degrees of latitude, extending from Angola's Cabinda Province in the north, to just east of Port Elizabeth in South Africa. It is one of the richest marine ecosystems on earth and supports an abundance of life. The organization focuses, *inter alia*, on the management of shared fish stocks, environmental monitoring and early warning of extreme oceanographic events, biodiversity and ecosystem health, pollution, and mitigation of the impacts of marine diamond mining and oil and gas production. In March 2013, Angola, Namibia and South Africa signed the Benguela Current Convention. The treaty will come into force once it is ratified by the parties. The treaty sets out the countries' intention "to promote a coordinated regional approach to the long-term conservation, protection, rehabilitation, enhancement and sustainable use of the Benguela Current Large Marine Ecosystem, to provide economic, environmental and social benefits."

4.51. Namibia is a member of various other regional fishery management organizations such as the South East Atlantic Fisheries Organization (SEAFO), the International Commission for the Conservation of Atlantic Tunas (ICCAT), the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR), and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

4.52. Fishery legislation in Namibia is unchanged since the last TPR report. The MFMR is in the process of reviewing and updating policies, the Marine Resources Act and its regulations, as well as the Inland Fisheries Act and Regulation.

[17] Gazette number 4453 of 9 April 2010.

4.53. The Ministry is at an advanced stage of developing the Shellfish Sanitation Regulations aimed at ensuring food safety during the production, harvesting and transportation of shellfish intended for human consumption and to enable the aquaculture industry to export shellfish products to the EU. It is expected that the regulations will be finalized during the first quarter of the 2014/15 financial year.

4.54. Namibian exporters comply with SPS standards in their main markets. Since the bulk of horse mackerel is exported to Mozambique, the Hazard Analysis Critical Control Point System (HACCP) is being strengthened to comply with standards requirements.

4.55. A Hake Management Plan 2014-18 has been implemented. It provides strategies for the management of hake fishery and outlines goals and objectives. A Horse Mackerel Management Plan, developed in collaboration with the Angolan government and with the assistance of African, Caribbean and Pacific (ACP) Group countries, is operational. MFMR is also aiming to develop a Management Plan for pilchards in order to enhance the management goals set for the recovery of the stock.

4.56. Quota fees, by-catch fees, fund levies and conversion factors for landed processed fish to live fish equivalents are available on the website of the Ministry of Fisheries and Marine Resources. Quota fees are lowest for Namibian vessels[18], higher for Namibian-based vessels[19], and highest for foreign-based vessels. Quota fees are structured to encourage Namibian registration and ownership of fishing vessels and to promote onshore processing. Fees range from N$40 per metric ton (for horse mackerel allocated to Namibian vessels) to N$14,000 (for rock lobster allocated to foreign flagged vessels). Licence fees apply to all fishing vessels; the fees range from N$20 to N$1,000 (for vessels with a tonnage of 9,000 tons and above). By-catch fees calculated to discourage excessive by-catch and payable on non-targeted species are unchanged since the last TPR report. Quota fees amounted to N$59 million in 2008 and increased to N$110 million in 2012/13. Fund levies, whose purpose is to defray research activities and training for Ministry staff members, are about ten times lower than quota fees and have not changed since the last TPR report (Table 4.6). According to the authorities, the decline in revenue in the last two fishing seasons was due to variation in the TAC.

Table 4.6 Revenue from the marine fishing industry, 2008-14

(N$ million)

Fee	2008	2009	2010/11	2011/12	2012/13	2013/14
Quota fees	59,255	68,800	78,500	120,947	109,926	102,872
Marine Resources Fund Levy	12,075	18,733	19,228	14,497	16,424	15,794
By-catch fees	10,360	8,410	15,972	6,964	6,024	8,411
Licence fees	86	86	82	79	131	130
Total Revenue	**81,776**	**96,029**	**113,782**	**142,487**	**132,505**	**127,207**

Source: Ministry of Fisheries and Marine Resources.

4.57. The duration of a fishing right is determined by criteria contained in the guidelines for the granting of rights and the allocation of fishing quotas. The criteria are based on the percentage of Namibian ownership of fishing vessels or onshore processing facilities; employment depends on the extent to which catches are processed domestically. In 2010, the Ministry called for the application of new fishing rights to harvest in all commercial fisheries. The number of fishing rights has increased from 158 in 2009 to 338 in 2014.

4.58. The fishery observer levy, payable by rights holders engaging in fishing activities, benefits the Fisheries Observer Agency, which is responsible for monitoring fishing activities while fleets are

[18] Registered in Namibia with at least 51% beneficial ownership and at least 90% Namibian crew (recently increased from 80%).

[19] Namibian registered but not domestically majority-owned and with a crew of less than 90% Namibians.

at sea. As of September 2014, the levy is set at 0.9% of landed value of each catch and per species.[20]

4.59. Concerns have been raised over the impact of oil exploration and mining activities at sea and losses over the past few years as a result of sub-sea seismic tests within fishing grounds, with the tuna, sardine and pilchard sectors among the most heavily affected. According to the authorities, this situation is still under discussion and investigation especially in the large pelagic subsector. In addition, a moratorium on phosphate has been put in place until further discussion.

4.60. A recent study reviewing the nature and outcomes of policies, incentives and management procedures in the Namibian hake industry from independence to the present argues that although based on individual quotas, Namibia's management procedures have conflicted with the State's commitment to efficiency. Its "Namibianization" policy and its attempt to increase domestic control of the hake industry both increased fishing effort and depressed hake stocks below economically optimal levels. Despite current over-capacity, the government continues to reward new investments. Industry inefficiency has been further compounded by inconsistent rights allocation policies and the fragmentation of quota shares, which have reduced right holders' sense of stewardship over the resource.[21]

4.61. According to the authorities, Namibia's management procedures do not conflict with the State's commitment to efficiency as the Ministry is committed to observing the principles of optimum sustainable yield in the exploration of marine resources. Namibia's management style is a model to many countries, attested by the Ministry being awarded for best practices by the FAO and other institutions. The Government is obliged to promote and regulate responsible and sustainable development and management of all harvesting activities that target marine resources.

4.4 Forestry

4.62. Namibia had a forest area of around 7.3 million ha in 2010 (down from 7.7 million ha in 2005), 8.9% of its total land area; it had about 8.3 million ha of other wooded land (8.5 million ha in 2005). Namibia's forests contain 210 million metric tons of carbon in living forest biomass (221 million metric tons in 2005). Namibia has some 1,066 known species of amphibians, birds, mammals and reptiles, of which 4.5% are endemic and 3.1% are threatened.[22]

4.63. The MAWF has developed a Forest Research Strategy for Namibia (2011–15) to address issues associated with sustainable forest management (SFM), chiefly the key drivers of deforestation and forest degradation, and core SFM issues such as natural and artificial regeneration (tree planting) of commercially exploited species. Linked to these is also the issue of value addition to forest products, which are currently performing below their potential.[23] The strategy document has identified seven strategic forest research areas: a vegetation (forest and rangeland) monitoring programme; forest products (value added) research; ecological studies; growth and yield studies; silvicultural research; economic, policy and sociological research; and management of information.

4.64. The Government has, through the MAWF, introduced a new policy direction to promote bush utilization, tree planting, commercialization of various forest products, and orchard development. Despite the environmental limitations of a dry country such as Namibia, the policy direction gives scope for research to improve the management of trees, woodlots and forests and to add value to already known products and bring new products to market.

4.65. Namibia exploits its forestry for a variety of uses. Charcoal is produced from aqueous species (bush-encroachment), primarily for export to the EU. Fire blocks from crushed bush are used for electricity production; 6% of the energy of Namibia's cement production is sourced from these bushes. The roots of the mopane tree that grows in north-western Namibia are used in fishing and construction and exported to the Americas, Japan and the EU. In addition, woodlands harbour fruit and nut bearing tree species of growing commercial importance such as marula, bird

[20] Previously the observer levy was based on the category of the fisheries observer onboard the fishing vessel.
[21] Kirchner and Leiman (2014).
[22] Mongabay online information, "Namibia".
[23] Ministry of Agriculture, Water and Forestry, 2011.

plum, and monkey orange. A number of medicinal plants such as devil's claw are found in woodlands and in the adjoining open savannah and desert environments.

4.66. In December 2014, tariffs on the export of wood products from Namibia were drastically increased. The tariff for processed wood increased from N$120 to N$300 per 30 ton load (last reviewed four years prior), while that for unprocessed wood products increased from N$120 to N$900. The Directorate's strategy behind this increase is to discourage exports of raw unprocessed wood products and to encourage value addition and employment creation. Charcoal and braai wood, cut and packed before export, are no longer considered raw products and thus qualify for the lower export tariff.[24]

4.5 Mining and Energy

4.5.1 Mining

4.67. Mining and quarrying accounts for about 13% of GDP at current prices and provides about 14,000 jobs. Ores and minerals account for about 35% of Namibia's exports of goods and services and a third of fixed capital formation. Diamonds, fluorspar and uranium are the most significant mineral commodities to Namibia's economy (Table 4.7). Namibia is among the world's top ten diamond producers. Diamonds accounted for a declining share (around 50%) of the total value of mineral exports during the period under review. In 2013, diamonds accounted for 21% of total merchandise exports. Production of uranium also experienced a decline, following the global economic crisis and the move away from nuclear energy in European countries following the tsunami in Japan, but picked up again in 2013. Namibia has the capacity to provide 10% of the world's current uranium needs.

Table 4.7 Production of selected minerals, 2008-13

Mineral	2008	2009	2010	2011	2012	2013
Copper blister (tonnes)	16,271	0	0	0	0	0
Copper concentrate (tonnes)	37,956	0	0	15,465	24,982	20,645
Diamonds ('000 carats)	2,225	940	1,476	1,345	1,666	1,776
Gold blister (kg)	7,714	0	0	0	0	0
Gold bullion (kg)	2,126	2,057	2,683	2,063	2,287	1,970
Lead concentrate (tonnes)	20,157	20,258	19,202	15,515	17,557	21,409
Lead metal content (tonnes)	10,079	10,129	10,140	0	9,530	11,224
Silver blister (kg)	1,215	0	0	0	0	0
Uranium (tonnes)	5,104	5,600	5,473	4,010	4,470	5,158
Zinc concentrate (tonnes)	94,570	93,953	101,040	89,488	94,303	113,778
Zinc metal content (tonnes)	47,939	48,856	53,624	46,534	50,143	60,111
Fluorspar acid (tonnes)	118,766	80,857	104,494	90,843	74,157	65,259

Source: Ministry of Mines and Energy.

4.68. The Ministry of Mines and Energy (MME) is responsible for the running of the sector. In accordance with the Minerals (Prospecting and Mining) Act (No. 33 of 1992), all mineral rights are vested in the State. The Act is currently under review to align it with the Environmental Management Act. It is expected that the review will make provisions for the Minister to issue regulations, simplify the language used in the Act, cater for new developments in the mining sector and make provision for Epangelo Mining Company (the State mining company) as a player in the industry. Regulations will be developed following the promulgation of the bill into law.

4.69. MME's Strategic Plan 2012/13 to 2016/17 includes initiatives to amend the mining regulatory framework, promulgate the Earth Science Professions Bill and amend the diamond legislative framework. Other strategic targets include creating a conducive investment climate, educating communities with regard to geo-environment, mining and energy, promoting beneficiation of minerals and increasing the participation of Namibians in the mining sector.

4.70. The Environmental Management Act (No. 7 of 2007) came into force in February 2012. The Act sets the standard for sustainable environmental practices by all companies and individuals operating within the country. Under the Act, the Minister of Environment and Tourism may specify

[24] New Era online information. Viewed at: http://www.newera.com.na/2015/02/10/wood-products-export-tariffs-increased/.

that certain activities may not be conducted without an environmental clearance certificate. Mining and quarrying activities (including the refining of gas, oil and petroleum products and nuclear reaction, mining or extraction of natural resources) all require a certificate.[25] In case of failure to comply, offenders may be liable to a maximum fine of N$500,000, imprisonment for a maximum period of 25 years or both.

4.71. The Mineral Rights and Resources Development Division in the Directorate of Mines of the MME handles applications for, and allocation of mineral rights in Namibia. In 2008, the Epangelo Mining Company (Pty) Ltd. was established. Epangelo is a parastatal[26] mandated to assist the State in sectoral planning, coordination, supervision and overall implementation of mining policy, and to ensure national participation in the discovery, exploitation, and beneficiation of Namibia's mineral resources, ensure the creation of mining related employment opportunities for Namibians, and facilitate technical training in mineral related fields.

4.72. As of April 2011, all rights in respect of strategic minerals are vested in Epangelo. The decision was motivated by a Government belief that although the mining sector contributes significantly to the Namibian economy, government revenue derived from the sector is disproportionate to its share of GDP. Minerals affected by this decision are uranium, gold, copper, and coal. As of April 2015, the cabinet decision was not yet law. Epangelo is granted the right to own all new licences issued for the purpose of exploration and mining of these strategic minerals and may enter into joint ventures (JVs), strategic partnerships, and public-private partnerships. The renewal of existing exploration and mining licences is still allowed, conditional on whether a degree of development and progress has taken place. According to a recent study, Epangelo has been given minimal funding – initially N$5 million a year rising to over N$11 million in the 2013/14 budget, indicating that it expected to be given "free carry" interest in any exploration or mine development project. Epangelo is reported to be seeking between 10 and 20% free carry, while also wishing to raise capital for further investment. It is not clear how Epangelo will raise this further capital.[27]

4.73. As of December 2014, Epangelo had acquired 39 exclusive prospecting licences (EPLs) in 8 regions of Namibia. Joint ventures operate on the so-called earn-in framework whereby Epangelo initially owns 100% of prospects, with the partners able to increase their holdings over time, once certain pre-agreed milestones have been met. Epangelo maintains a residual stake in the fully operational mining company. Partnerships and projects thus far include the Kalahari copper belt and Tsumeb EPLs. Epangelo has concluded MOUs with Angola's Ferrangol for development cooperation in the prospecting and mining of certain minerals in Namibia and Angola, and with China's Shandong Provincial Bureau of Geology in Mineral Resources to ensure sustainability in the field of mining, and to identify opportunities for expanding bilateral cooperation and investment flows.

4.74. Namibia produces the world's highest quality diamonds from the floor of the Atlantic Ocean. Its marine diamonds sell for N$450 to N$700 per carat, at least triple the price of gems from neighbouring Botswana and as much as 14 times those from Zimbabwe. In 2012 Namibia was the world's 9^{th} largest producer of diamonds: based on carat value Namibia ranked second.

4.75. In 2011, Namdeb Diamond Corporation (Namdeb) was restructured into Namdeb Holdings, a 50:50 joint venture with De Beers. Namdeb Holdings now holds all the mining licences previously held by Namdeb Diamond Corporation as well as 100% of the share capital of Namdeb Diamond Corporation (Namdeb) and Debmarine Namibia (DBMN). The Government would like to set up a company to sell part of the diamonds separately from De Beers, thus emulating the regional diamond operation in Botswana.[28] The implementation of this project depends on the outcome of the review of the sales and marketing agreement between the Government and De Beers which was extended to June 2015. Only 10% of diamonds mined in Namibia are cut and polished domestically, which may change depending on the outcome of the aforementioned review.

[25] Gazette number 4878 of 6 February 2012.

[26] The Republic of Namibia is the sole shareholder in the company.

[27] Institute for Public Policy Research (2013).

[28] In 2013, the Diamond Trading Company Botswana (DTC), a 50/50 partnership created between De Beers and the Government of Botswana relocated the De Beers' London-based rough diamond sales to Gaborone. The DTC currently controls 43% of global production by value.

Namibia has 19 diamond cutting and polishing factories, of which 11 are Namibia Diamond Trading Company right holders.

4.76. There are no export taxes on minerals from Namibia, including diamonds. All cutting and polishing factories enjoy EPZ status and thus are exempted from any form of tax. However, all exports and sales of minerals are subject to different royalty rates depending on their mineral category. In addition, non-Namibian companies are subject to withholding tax of 25%. Namibia has no policy in place to encourage local value addition before export; however, the Government has made efforts under NDP4 to investigate the possibilities and opportunities for adding value to minerals locally.

4.77. According to the World Nuclear Organization, Namibia holds the 8th largest known recoverable resources of uranium at 261,000 tonnes which represents around 5% of global resources (2011 figures). Namibia has two significant uranium mines capable of providing 10% of world mining output. Its first commercial uranium mine began operating in 1976. There is strong government support for expanding uranium mining and some interest in using nuclear power.

4.78. Following the 2009 amendment of the Minerals Act, royalties levied on market value are set at 3% on precious metals; 3% on base and rare metals; 2% on semi-precious stones; 3% on nuclear fuel materials[29]; 2% on industrial minerals; and 2% on non-nuclear fuel minerals. Royalties on diamond production are 10% on rough and uncut stones and 5% on unprocessed "dimension" stones.

4.79. A study on the beneficiation possibilities for Namibia's minerals jointly commissioned by the MITSD and the MME (still in draft form) highlights the potential for beneficiation of seven commodities: zinc, diamonds, iron ore/steel, copper, gold, lead and uranium. In general, the report indicates that while Namibia has significant opportunities to further beneficiate domestic supply of minerals, the current and medium term domestic supply of most commodities is not big enough, unless additional volumes are imported, to warrant construction of capital and energy/water intensive facilities, with the possible exception of iron ore pellets, refined zinc and cut highest quality diamonds.[30]

4.80. The SACU common external tariff on mining and quarrying (ISIC Rev.2 category) averages 0.1% in 2015, and is predominantly *ad valorem*, ranging from zero to 10%.

4.5.2 Energy

4.81. Namibia has 2.2 trillion cubic feet of natural gas reserves, making it the 60th largest global source but has no petroleum reserves.[31] Namibia continues to rely on imports for much of its energy needs. More than two thirds of electricity and all of Namibia's petroleum are imported. Namibia has great potential in renewables given its supply of wind, solar and biomass resources.

4.5.2.1 Petroleum and gas

4.82. Although petroleum has not been discovered in commercial quantities to date, the off-shore discovery of oil in non-commercially viable quantities in 2013 raised hopes of Namibia becoming a new frontier in oil exploration.

4.83. Under the Petroleum (Exploration and Production) Act of 1991, Namcor (Pty) Ltd. has the right to carry out reconnaissance, exploration and production operations either on its own or in partnership with other organizations in the industry. Namcor's main business is to ensure the optimum exploitation of Namibia's petroleum resources and meaningful Namibian participation in resulting business developments in petroleum related exploration activities. The company also acts as advisor to the Ministry of Mines and Energy and assists it in monitoring the exploration activities of licensees. In the marketing and distribution sectors, Namcor participates in fuel tenders in line

[29] Set at 6% for Rössing Uranium until 2013, then reduced to 3%.

[30] Beneficiation Possibilities for Namibia's Minerals for Joint Value Addition Committee, Raw Materials Group, part of SNL Metals & Mining, Final Draft, 31 July 2014.

[31] US Energy Information Administration. Viewed at: http://www.eia.gov/countries/country-data.cfm?fips=wa.

with its new strategy of building an integrated oil company that will compete on an equal footing with other industry players.

4.84. Licences specifically dealing with oil and gas are provided for under the Petroleum (Exploration and Production) Act No. 15. There are three types of licence: reconnaissance, exploration and production. To date, 46 exploration licences, one production licence, and two coal bed methane licences have been issued to Namibian and international oil companies. Namibia has amended its policy to permit Namcor to participate in licences if this is offered to the company during negotiations and if Namcor accepts the invitation to participate. As of October 2014 Namcor had 38 minority stakes of mainly 10% in oil and gas exploration licences. A total of 18 wells have been drilled offshore in Namibia, of which eight under the Kudu Licence. Over 20 companies are actively engaged in the petroleum exploration industry in Namibia.

4.85. Namibia has an open licensing system which replaced the previous bidding system, but may revert to auctioning oil and gas exploration blocks because it will give the Government better terms than the existing open licensing system.

4.86. The Regulations published in accordance with the Environmental Management Act (No. 7 of 2007) list activities that require an environmental clearance certificate. These include the construction of facilities for the refining of oil, gas and petroleum products, any resource extraction, storage and handling of petrol, diesel and liquid petroleum, and construction of facilities for such storage and the construction of oil pipelines. All persons undertaking a listed activity in terms of an authorization issued before the commencement of the Act may continue with that activity for one year. Beyond that, a new clearance certificate must be applied for. Fees payable are as follows: issuance of an environmental clearance certificate (N$300); amendment of an environmental clearance certificate (N$300); application for transfer of environmental clearance certificate (N$1,000); appeal application (N$1,000).[32]

4.87. Namcor together with its upstream partner CIECO E&P (Namibia) Co. Ltd. is developing the upstream (offshore) portion of the Kudu Gas Field located 130 km offshore from the south-west coast of Namibia, in the Orange Basin. The gas will be used to generate electricity from the Kudu 800-MW CCGT Power Station to be constructed and run by NamPower (Pty) Ltd. and its partners. In 2011, the MME awarded the Kudu Gas Field partners a 25-year production licence. Ownership of the licence changed following Tullow Oil's withdrawal and is now as follows: CIECO Exploration and Production (Namibia), 15% and Namcor, 85%, with the latter as operator of the licence. For the first time in 2011, Namcor received significant benefits, in the form of signature bonuses and comprehensive training as part of farming out agreements between itself and investors in Namcor Luderitz Basin blocks during that time**.**

4.88. The transportation, storage, marketing and distribution of petroleum products (petrol and diesel) are controlled by the Government through the following legislation: the Petroleum Products and Energy Act, 1990 (Act No. 13 of 1990) and the Petroleum Products Regulations, 2000. The Ministry of Mines and Energy regulates the petroleum industry while Namcor acts as an operational arm of the Government in the market.

4.89. In 1999, Namcor was mandated by the Government to import 50% of Namibia's petroleum leaving the other 50% for private companies. In 2009, Namcor's operational losses reached N$257 million, prompting the Government to award it a N$100 million grant and a bailout package of N$260 million (0.5% of GDP) as well as a portion (N$0.08 per litre) of the existing fuel levy to help boost the state-owned oil corporation's finances. In 2011, Namcor's mandate to import 50% of Namibia's petroleum was revoked.[33] Currently, all imports of petroleum products are done by four private companies.[34] Namcor is supplied by some of these companies.

4.90. Five companies are involved in the distribution and marketing of petroleum products: Puma Energy, Engen, Vivo Energy, Total, and Namcor. Puma Energy, Engen and Total each own bulk storage facilities at Walvis Bay while Vivo Energy and Namcor are hosted by Puma Energy. Namcor has an equity stake in three inland storage depots[35] and the Government is currently constructing

[32] The Regulations contain copies of sample application forms.
[33] IMF (2013).
[34] Currently Namcor is only a participant in the wholesale and commercial lines of business.
[35] In Otjiwarongo, Keetmanshoop and Mariental.

a new N$4 billion storage facility with a capacity of 75 million litres, including the off-loading jetty and transfer pipelines. Once completed in 2017, this facility would double current storage capacity from 14 to 45 days.

4.91. The most economical means of transporting petroleum products to Namibia is via ship, with Walvis Bay as the port of importation. From the coast, the product is transported inland to eleven depot towns via rail by Trans Namib, the sole operator of the rail network. The Government subsidises transport costs to remote areas. Over the past few years increasing volumes of petroleum products have been transported via road due to a decline in the reliability of services offered by Trans Namib. Road transport operators are obliged to have a dangerous goods licence in order to transport petroleum products due to their hazardous nature.

4.92. Under the Petroleum Products and Energy Act (No. 13 of 1990) and subsequent amendments, the MME regulates petrol and diesel prices, and sets retail prices of petroleum and wholesale prices of diesel by location once a month. The prices of other petroleum products are set by market forces. The National Energy Fund subsidizes fuel supply to remote areas, and in addition has been used to subsidize regulated fuel prices from time to time.

4.93. Overall, while fuel prices have generally moved in line with international oil prices, the Government has from time to time accommodated pressures to limit the full pass-through of changes in international prices. Although imports of petrol and diesel are duty free, various taxes are applied. A fuel levy of N$0.10 (both types of diesel) and N$0.12 (petrol) per litre is used to fund the Road Administration Fund. A carbon emission levy is currently under discussion.

4.5.2.2 Electricity

4.94. Under the Electricity Act of 2007, NamPower, the state-owned utility company is responsible for generation, transmission, and trade in electricity. NamPower's energy policy goal is to supply 100% of peak demand for electricity (and 75% of total demand) from local sources of power generation. Namibia currently imports over 60% of its electricity needs. NamPower owns five generating assets with a total capacity of 504 MW. These consist of one hydropower plant (Ruacana with a capacity of 338 MW), two liquid fuel plants (Paratus and newly built Anixas with a capacity of 24 MW and 22 MW, respectively) and one coal fired plant (Van Eck with a potential capacity of 120 MW).[36] In addition to these, a small pilot plant (250 kW) utilising a widely available domestic biomass fuel, invader bush, is located about 200 km north of the capital. An independent power producer (IPP) solar photo voltaic plant of 4.5MW was scheduled to be commissioned in May 2015.

4.95. Peak demand for electricity reached 629 MW in 2014 and is growing annually by around 6%. The interconnector capacity currently stands at 900 MW, consisting of a 600 MW connection to the South African system and the 300 MW Caprivi Link in the northeast linking the Namibian system to the Zambian grid, with an option for a 300 MW increase in capacity when Phase 2 of the project is completed.

4.96. Demand for electricity continues to outstrip supply, a situation expected to prevail until the commissioning of the 884 MW Kudu combined cycle gas turbine station, expected in 2018. NamPower anticipates that the power station, which will cost approximately US$1.2 billion to build, will enable Namibia to become a net exporter. Construction was scheduled to begin at the end of 2014. The Baynes Hydro Power Project, a joint project between Namibia and Angola is awaiting finalization. A techno-economical study has been completed and the project was found to be viable. Environmental impact assessment studies are nearly completed pending negotiations with directly affected communities surrounding the project area. Another study in the pipeline is the associated infrastructure study that will focus on assessing transmission lines, access roads, power lines, airports and telecommunications. Project offices are to be established in both countries. Namibia has already approved the project office to be hosted by Nampower. The project will contribute an additional 600 MW to be shared with Angola on a 50:50 basis. Other major transmission projects in the works include the US$225 million Zizabona transmission project, a high-voltage transmission facility in Zimbabwe, Zambia, Botswana and Namibia to establish a western transmission corridor in Southern Africa. Zizabona is aimed to be completed by end-2018

[36] Current capacity of the Van Eck plant is about 50 MW. The plant is currently undergoing refurbishment, scheduled for completion in 2014, after which a capacity of at least 90 MW is guaranteed.

and the initial transfer capacity is intended to be 300 MW, with a potential increase to 600 MW in the future.

4.97. The Electricity Act 2007 (No. 4 of 2007) establishes the regulatory framework for the power sector which is implemented by the Electricity Control Board (ECB). The ECB regulates the electricity sector and has the mandate to exercise control over electricity generation, transmission, distribution, supply, import and export by setting tariffs and issuing licences. The Minister of Mines and Energy has the power to grant or refuse applications for generation licences on the recommendation of the ECB, which, once approved, are issued by the ECB. Power generators are required to obtain a generation licence before being able to make available power capacity and/or generate electricity in Namibia. The procedure for applying for a generation licence is set out in the Act and Electricity Regulations. Licences must be obtained prior to the commencement of construction and prior to signature of a power purchasing agreement.

4.98. NamPower owns and operates the transmission system and also has distribution customers. Regional electricity distributors (REDs) and local authorities also distribute power to consumers not served by NamPower. Three REDs are operational: NORED, CENORED and Erongo RED. Local authorities and Nampower receive shares in the relevant RED in return for contributing their distribution assets to the RED. Although NamPower acts as the bulk purchaser of power, a modified single buyer model permits small power producers (less than 5 MW) to sell power directly to REDs. Once the restructuring of the electricity sector is complete, NamPower will act as a power generator, alongside IPPs and interconnected generators, and will have a monopoly over electricity transmission and system operations activities.[37]

4.99. Industry consumes about 60% of electricity while about 20% is consumed in the residential sector and 15% in the public and commercial sector. The average price per unit of electricity sold by NamPower has risen from N$0.42 per kWh in 2007/08, to N$0.90 per kWh in 2012/13 and is expected to increase to about N$1.60/kWh in 2016/17. In 2013, the MME introduced a long run marginal cost (LRMC) levy to avoid future price shocks to the Namibian consumer. In 2014, the LRMC levy was N2.54 cents/kWh (2013: N1.46 cents/kWh). In November 2014, the MME announced the introduction of a levy on electricity transmission supplied by NamPower of N1.02 cents per kWh which will be used to fund the National Energy Fund.

4.100. The price at which electricity is sold by IPPs in Namibia is subject to the approval of the ECB. Apart from generators participating in the REFIT Programme, no single tariff is applicable to all generators. The ECB operates a cost-reflective tariff structure that is passed on to consumers. Once approved by the ECB, the tariff becomes applicable on the licensee and its customers. Requests for tariff adjustments are dealt with on an annual basis in accordance with the ECB Tariff Methodology.

4.101. Namibia's Generation and Transmission Master Plan 2012, known as the National Integrated Resource Plan (NIRP) was launched in October 2012 with the objective of mapping out transmission infrastructure requirements up to 2032. A number of major transmission projects for the period 2013-18 have been identified. Meanwhile, upgrading backbone transmission infrastructure from a 200 KV system to a 400 KV system will increase expenditure on capital infrastructure. Namibia is in the process of upgrading the national power grid to "smart grid" status which would allow it to be utilized for diverse functions such as information sharing, automated decision-making based on real-time information, self-restoration, faster reaction, and smarter-than-human intervention.[38]

4.102. Namibia's abundant supply of solar, wind and biomass resources provide tremendous potential in renewables that could be converted into electrical energy. However, according to a recent study the broad-based uptake of renewable energy technologies in Namibia remains slow. New sources of supply are needed to instil innovation, dynamism and technology know-how into the sector.[39] As a result, the MME has launched the REFIT Programme and a solar tender for three 10 MW solar plants, and is developing a Renewable Energy Policy.

[37] Fulbright (2012).
[38] NamPower Annual Report, 2013.
[39] Konrad Adenauer Stiftung (2012).

4.103. The Renewable Energy Policy aims at sourcing at least 10% of Namibia's energy mix from renewables other than hydro. A number of consequent projects are in various stages of development, covering wind, biomass and solar resources. Early examples include the Tsumkwe photovoltaic (PV)/diesel hybrid (200 KW of PV) plant and a net metering (64kW) PV system at NamPower's head office in Windhoek.[40] The N$120 million Omburu Solar Park, owned by French investor InnoSun, is the first renewable energy project in Namibia by an IPP. It was expected to add 4.5 MW of electricity to NamPower's national grid by early 2015. Nampower cites below-cost tariffs for conventional electricity, the higher costs of alternative energy, and reliability issues regarding wind and solar power as the major challenges for renewable energy in Namibia.

4.104. NamPower increased its rural electrification budget to N$25 million from N$20 million in the 2014/15 financial year. Access to electricity by rural households is 12%, while for urban users it is 78%.

4.105. Namibia has developed a Nuclear Fuel Cycle Policy to investigate the viability of a nuclear power programme as part of its energy mix for the future. Namibia's participation in the uranium production cycle is currently limited to production with the final product being uranium concentrate. Namibia intends to investigate the possibility of developing its own uranium purification facility by a consortium of Namibian companies, in partnership with other development partners and, where possible, with partners at the regional level. Namibia is a signatory to the Non-Proliferation Treaty, the Safeguards Agreement, the Additional Protocol and the Pelindaba Treaty. The Nuclear Fuel Cycle Policy is due to be launched in July 2015 and will be followed by a legal background study. Since the project is cross-cutting it will be hosted by two ministries, the MME and the Ministry of Health and Social Sciences.

4.106. The Demand Side Management (DSM) Project aims to address electricity supply constraints in a cost effective manner by reducing electricity demand on the NamPower network during peak times through the implementation of energy efficient and renewable energy technologies. The DSM project includes the following initiatives: replacement of one million incandescent bulbs in the residential sector most likely to be switched on during peak demand times, with LED light bulbs; replacement or installation of 20,000 solar water heaters over the next five years; and engagement by electricity users who have their own standby generators and/or the potential to reduce significant loads on short notice. These initiatives are expected to reduce peak demand by up to 30 MW, 10 MW and 70 MW, respectively.

4.107. In 2013 Namibia began work on a bill to establish an Energy Regulatory Authority which would establish a single national energy regulator for electricity, downstream gas including gas pipelines and storage facilities, renewable energy, energy efficiency and energy conservation. The Electricity Act is also being revised. The new Electricity Bill provides for the establishment of a national regulatory framework for the electricity provision industry, and a licensing and tariff framework for the generation, transmission, distribution, supply, trading, import and export of electricity. Both bills are at the final stages of development.

4.108. In 2014, the MME and Polytechnic of Namibia launched the Namibia Energy Institute (NEI) which replaces the Renewable Energy and Energy Efficiency Institute (REEEI) which was established in 2006. The NEI will consolidate research and development across the energy field in Namibia with an expanded mandate that covers nuclear, electricity and petroleum. The Government has committed a total of N$14.48 million over the next three years as seed funding for the NEI.

4.109. Namibia is a member of the Southern African Power Pool (SAPP). Although SAPP remains an important tool for inter-utility coordination and sharing of best practice, the near-term electricity supply deficit in the region has rendered SAPP's trading and platform secondary, as excess capacity is a rarity. Once major new generation sources come on stream and with virtually all SAPP countries investing substantially in interconnectors and other transmission system upgrades, this trend can be expected to reverse and a broader, deeper trading market can be expected to emerge.[41]

[40] NamPower Annual Report, 2013.
[41] Nampower Annual Report, 2014.

4.6 Manufacturing

4.110. Namibia has a relatively small manufacturing sector, largely based on its resource endowment of fisheries and meat. In constant 2010 prices, manufacturing has registered a steady increase over the period reviewed (Table 4.8).[42] Food products and beverages have benefited from improved shares in both local and external markets. Textiles and grain mill products have also experienced growth. Increased meat processing reflects the slaughtering of livestock both for export and local consumption due to the 2012 drought which forced farmers to reduce their herds.

Table 4.8 Contribution to GDP by manufacturing, 2008-13

(N$ million, constant 2010 prices)

	2008	2009	2010	2011	2012	2013
Meat processing	334	348	368	358	354	410
Grain mill products	452	526	570	607	598	641
Other food products and beverages	2,373	2,630	1,879	2,728	2,702	2,852
Textile and wearing apparel	441	436	452	473	502	526
Leather and related products	114	73	81	92	102	87
Basic non-ferrous metals	2,164	2,416	2,731	3,156	2,431	2,290
Other manufacturing[43]	3,518	2,440	3,225	3,478	3,459	3,538
Total	9,396	9,587	10,306	10,892	10,147	10,342

Source: Namibia Statistics Agency, Annual National Accounts (2013).

4.111. Namibia's main exported manufactured products are shown in Table 4.9. Basic non-ferrous metals, followed by other food and beverages and meat processing account for the largest shares, accounting in 2013 for 8.4%, 4.6% and 2.4% of total exports, respectively.

Table 4.9 Namibia's main exported manufactured products, 2008-13

(N$ million)

	2008	%	2009	%	2010	%	2011	%	2012	%	2013	%
Basic non-ferrous metals	4,319	10.0	4,689	11.0	4,549	11.7	5,449	14.0	4,625	10.3	4,739	8.4
Other food and beverages	1,712	4.0	2,338	5.5	2,003	5.2	2,136	5.5	2,461	5.5	2,573	4.6
Meat processing	1,476	3.4	1,783	4.2	1,450	3.7	1,388	3.6	1,495	3.3	1,373	2.4
Other manufacturing	751	1.7	1,138	2.7	813	2.1	718	1.8	791	1.8	764	1.4
Leather and related products	260	0.6	213	0.5	184	0.5	212	0.5	267	0.6	366	0.6
Textile and wearing apparel	83	0.2	142	0.3	95	0.2	91	0.2	110	0.2	126	0.2
Grain mill products	49	0.1	63	0.1	46	0.1	44	0.1	68	0.2	90	0.2

Source: Namibia Statistics Agency.

4.112. Namibia has put in place a number of interventions to support the manufacturing sector. The SME policy and business support services programmes (launched in 1997) seek to overcome constraints experienced by small and medium enterprises (SMEs) including low productivity due to lack of access to machinery and technology inputs (usually due to high cost). Through the Nationwide Common Facility Initiative (NCFI), the MITSD, through its implementing agencies, namely Namibia Development Corporation (NDC) and Offshore Development Company (ODC), procures machinery and equipment for lease to interested SMEs on agreed terms and conditions. The machinery remains the property of the MITSD. This initiative is complemented by the Sites and Premises Development Programme through which the MITSD constructs and provides business premises, including factory shells, in which machines and equipment purchased through the NCFI are installed and leased together as a unit.

[42] Bank of Namibia, Annual Report (2013).

[43] Other manufacturing includes wood and wood products, publishing and printing, chemical and related products, rubber and plastic products, non-metallic minerals products, fabricated metals and diamond processing.

4.113. The Entrepreneurial Development Programme performs activities, such as the procurement of production machinery, equipment, and inputs of raw materials, and the provision of business advisory services such as managerial, technical and business strategy development, and marketing skills aimed at new business (start-ups) and existing SMEs, especially those undertaken by historically disadvantaged Namibians. The Equipment Aid Scheme aims to reduce the cost of business set-up, operation, expansion and output through the provision of requisite production equipment and inputs to qualifying SMEs on an affordable lease or donation basis, and the provision of production inputs during the start-up phase of the business, as well as facilitating market access and linkages to large retail and distribution outlets.

4.114. Namibia's geographically strategic location on the border with South Africa and with preferential access to the SACU and SADC markets, good air and road communications (and to a certain extent, rail), good infrastructure, and modern and efficient financial services, provides an enabling environment to increase its manufacturing base. Given its strategic position, Namibia has the opportunity to utilize its network of transport corridors and position itself as the logistical hub for neighbouring landlocked Southern African countries.

4.115. Manufacturing in Namibia faces a number of challenges due to the relatively small size of the domestic market, the high cost of technology and utilities, limited entrepreneurial ideas, limited access to skilled labour and little insertion into global value chains. The Namibian government has undertaken a number of steps to address these challenges. Namibia's industrial policy, issued in 2012 and based on Vision 2030, outlines the specific principles and objectives that will guide manufacturing in terms of production structure and standards. It seeks to revise the country's production structure; improve the business investment climate and export policies; and increase the size of the SME sector. In 2013 the MITSD launched its "growth at home" strategy which aims to promote job creation through the manufacturing of products with added value. The strategy emphasizes the importance of commodity-based industrialization by strengthening local and national value chains and creating more efficient linkages within the economy, supported by improved logistics and infrastructure, improvements in the ease of doing business and ongoing dialogue and partnership between the Government and the private sector.[44] The goal is to advance industrialization and structural economic transformation through value addition strategies in all sectors, particularly in agriculture and agro-processing, fish processing, and mining and mineral processing.

4.116. Namibia also has the potential to take advantage of global value chains (GVCs) in view of its abundant natural resources. Although GVCs do not specifically form part of the Government's strategic considerations, the implementation of innovative measures to reduce the high cost of doing business, removing various bottlenecks in infrastructure and investing in skills development will all help this process.[45]

4.117. In 2009-10, Namibia developed an Industrial Upgrading and Modernization Programme (IUMP), drawing upon the knowledge and regional expertise developed during the formulation of the SADC IUMP. The goal of the programme is to support the dynamics of upgrading and modernization of industries and related services, and to improve their competitiveness, growth, job creation and access to national, regional and international markets. Projects are only considered if they operate primarily in the following categories: agro-food processing; fish processing; pharmaceuticals and cosmetics manufacturing (including biodiversity-based products); and minerals beneficiation (metallic and non-metallic).

4.118. A number of manufacturing activities take place in Namibia in Export Processing Zones (Chapter 3). Manufacturing enterprises and exporters of manufactured goods that do not have EPZ status can still benefit from a package of tax incentives (Table 4.10). All manufacturing concerns claiming incentives must register with MITSD, and for tax incentives, with the Ministry of Finance. The Minister of Finance is empowered to prescribe accounting procedures and regulations for manufacturing enterprises qualifying for tax incentives. To promote control and prevent the misuse of tax incentives, enterprises qualifying for such incentives are not relieved of the duty to submit a fully substantiated annual tax return.

[44] MTI, *"Growth at Home": A Strategy for Industrial Development*.
[45] Namibia 2014. Viewed at: http://www.africaneconomicoutlook.org/en/.

Table 4.10 Summary of special incentives for manufacturers and exporters

	Registered manufacturers	Exporters of manufactured goods	Export processing zone enterprises
Cash grants	50% of direct cost of approved export promotion activities	Not eligible	Not eligible
Corporate tax	Set at 18% for ten years after which the standard 35% rate applies	80% allowance on income derived from exporting manufacturing goods	Exempt
Eligibility and registration	Manufacturing enterprises submit applications to the MITSD which are approved by the Ministry of Finance	Enterprises that export manufactured goods whether produced in Namibia or not; application to and approval by the Ministry of Finance	Enterprises engaged in manufacturing, assembly, and exporting mainly outside of the SACU markets apply to the EPZ Committee through the ODC or EPZMC
Establishment tax package	Negotiable rates and terms by special tax package	Not eligible	Not eligible
Export promotion allowance	Additional deduction from taxable income of 25%	Not eligible	Not eligible
Incentive for training	Additional deduction from taxable income of 25%-75%; approved by the Ministry of Finance in consultation with the MITSD and the Ministry of Labour and Human Resource Development	Not eligible	Not available
Industrial studies	Available at 50% of cost	Not eligible	Not eligible
Special building allowance	Factory buildings written off at 20% in the first year and 8% per annum for ten years	Not eligible	Not eligible
Stamp and transfer duty	Normal treatment	Normal treatment	Exempt
Transportation allowance	Allowance for land-based transportation by road or rail of 25% deduction from total cost	Not eligible	Not eligible
VAT	Exemption on purchase and import of manufacturing machinery and equipment	Normal treatment	Exempt

Source: Ministry of Trade and Industry, Special Incentives for Manufacturers and Exporters.

4.119. Where an investor wishes to establish a new manufacturing venture in Namibia, or relocate an existing operation to Namibia, a special tax package may be negotiated through the MITSD which makes recommendations to the Ministry of Finance. The Minister of Finance may grant, in consultation with the Minister of any line ministry, special conditions to certain manufacturing enterprises, and set the rate of tax payable and the terms under which this rate shall apply. A feasibility study must be presented showing that existing industry will not be unfairly disadvantaged, and the enterprise will contribute positively to Namibia's long-term economic growth. The package and conditions that are approved by the Minister of Finance are published in the Government Gazette.

4.120. According to the Namibian Manufacturers' Association, the incentives available to manufacturers and exporters of manufactured goods are not sufficient. Manufacturers face a challenge obtaining "manufacturer status" from the relevant ministries. Firstly, the production processes currently employed by several industries – including fish and meat processing, textiles, pharmaceuticals and automotive industries – are not regarded as falling within the definition of manufacturing and therefore are not eligible for these incentives. Secondly, this status has to be granted by two Ministries (MITSD and MoF), thus increasing bureaucracy and red tape, and whose requirements reveal a tension between revenue protection and enhancing manufacturing activities.[46]

4.121. Tariff protection in the sector (ISIC rev.2) has increased since the previous TPR of SACU from 8.5% in 2008 to 8.7% in 2015, with protection higher than the overall average (8.3%). The tariff range has increased dramatically from 0% to 624% (compared with 0% to 96% in 2008). The highest rate of protection applies to textiles, wearing apparel and leather industries (an average of 23.2% with a maximum of 624%); average MFN tariff protection for food, beverages and tobacco is 12.2%; and wood and wood products receive average protection of 11%.

4.122. The authorities indicate that they have taken no recent actions on TBT matters that affect manufacturing exports or imports into and from Namibia. However, since the last TPR, Namibia has established a national standards body known as the Namibian Standards Institution (see Section 3.1.6).

4.7 Services

4.123. Services account for a growing share of GDP, largely due to increases in the share of wholesale and retail trade, transport, financial intermediation, real estate and business services, education and health services (Table 4.11). Trade in services has grown on average by over 6% annually since 2008.

Table 4.11 Contribution of services to GDP, 2008-13

(N$ million, constant 2010 prices)

	2008	2009	2010	2011	2012	2013
Wholesale and retail trade, repairs	7,850	8,638	9,284	9,827	10,245	11,729
Hotels and restaurants	1,265	1,335	1,421	1,555	1,681	1,761
Transport and communication	3,424	3,973	4,238	4,444	4,800	5,268
Transport	1,590	1,682	1,685	1,854	2,039	2,320
Storage	660	667	706	765	823	845
Post and telecommunications	1,174	1,624	1,846	1,826	1,938	2,103
Financial intermediation	4,309	4,202	4,602	4,863	5,194	5,790
Real estate and business services	6,511	7,008	7,126	7,529	7,883	8,161
Real estate activities	4,968	5,149	5,350	5,487	5,852	6,134
Other business services	1,543	1,859	1,776	2,042	2,030	2,027
Community, social and personal service activities	2,213	2,201	2,236	2,488	2,049	2,086
Public administration and defence	8,408	8,850	9,100	9,579	9,860	10,742
Education	5,712	5,882	5,872	6,894	7,202	7,442
Health	2,191	2,311	2,531	2,674	2,828	3,077
Private household with employed persons	723	785	853	926	1,005	938
Total	**42,607**	**45,182**	**47,262**	**50,779**	**52,747**	**56,994**

Source: Namibia Statistics Agency, Annual National Accounts (2013).

4.124. Namibia's commitments under the GATS cover tourism (hotels and restaurants, travel agencies and tour operators), and scientific and consulting services relating to offshore oil and gas exploration. The SACU Agreement does not contain a trade in services component. SADC countries have negotiated a trade in services protocol, but it is not yet in force.[47]

4.7.1 Telecommunications and communication services

4.7.1.1 Overview

4.125. The contribution of the information and communication technology (ICT) sector to GDP has remained more or less constant over the period reviewed at around 2.7%. The penetration rate of telephones in Namibia has more than doubled since 2008, with the main source of growth being

[46] Institute for Public Policy Research (IPPR) (2014).

[47] The SADC Protocol on trade in services was launched in 2001 and signed by some SADC members in 2012. Six sectors are prioritized: communication, construction, energy, financial services, tourism and transport services). Namibia has not yet signed the Protocol due to the internal process to be followed before signature by the Head of State.

mobile telephony. The subscribers of internet services continued to increase also. According to the ITU, in 2014, 42.9% of the population had access to the internet at home via mobile or fixed devices. Mobile teledensity jumped from 50% in 2008 to 112% in 2014, while fixed-line teledensity grew slightly from 6.9% in 2008 to 8% in 2013.[48]

4.126. The Ministry of Information and Communication Technology's Strategic Plan (2009-13) sets out the policy development and service delivery commitments of the Ministry of Information and Communication Technology (MICT) over the five-year period. The main objectives of the plan include ensuring that Namibia accelerates its pace of ICT usage and development, providing and disseminating information on behalf of Government, enhancing the internal capabilities of the MICT, and promoting sound administration and good governance.

4.127. Namibia has issued 13 service and technology-neutral telecommunications service licences to operators, since the establishment of the Communication Regulatory Authority of Namibia (CRAN) in 2011. Telecom Namibia (TN) holds the dominant position based on the fact that it holds more than 35% of market share based on revenue and also controls infrastructure that is necessary for the provision of telecommunications services. In terms of its dominant position TN now has a duty, *inter alia*, to provide other operators non-discriminatory access to network elements on an unbundled basis.

4.128. There are two mobile telecommunications companies. Mobile Telecommunications Limited (MTC), a joint venture between the Government (66% holding) and Africatel Holding BV (34%), is the largest with over 2 million subscribers and has also been declared dominant based on the fact that it holds more than a 35% market share based on revenue and controls infrastructure necessary for the provision of telecommunications services. The second is TN mobile owned by Telecom Namibia, which purchased mobile operator Leo (previously owned by Telecel Globe, a subsidiary of Egypt's Orascom Telecom) in 2011. Both operators have entered the internet and broadband market with 3G and LTE mobile broadband services in a bid to create new revenue streams. Fixed-line services are still dominated by Telecom Namibia. In 2014, a new market entrant, Paratus Telecommunications (Pty)[49], began offering fixed voice services using VOIP technology. The issuance of service technology neutral service licences has opened the market for other operators to enter the fixed line market. In 2012, the Namibia Competition Commission imposed a condition that the shareholding structure of Telecom Namibia and MTC must be separate and independent within two years.[50] In October 2014, the Government announced its decision to dismantle Namibia Post and Telecommunication Holdings Company (NPTH), the umbrella company that includes NamPost, Telecom Namibia, MTC and TN Mobile and re-distribute the properties and liabilities among the subsidiaries.

4.129. The development of Namibia's internet and broadband sector has been held back by high prices for international bandwidth, caused by the lack of a direct connection to international submarine fibre optic cables until 2011 when the WACS cable landed in the country. International cable services were launched in May 2012. In parallel, Namibia is working to diversify its transit access routes via neighbouring countries, but broadband price reductions on the wholesale and retail level remain moderate.[51]

4.130. The state-owned NamPost has a monopoly over postal, but not courier services. The distribution of letters not exceeding 100 g and parcel post not exceeding 15 kg to post boxes, private bags and home letter boxes are reserved for NamPost. The distribution of advertising material and newspapers through post boxes, private bags and home letter boxes is excluded from reserved service. Any parcel - regardless of its weight - that is not distributed through NamPost's postal network, is open to competition. Tariffs applicable to reserved postal services are set by NamPost according to guidelines established by CRAN. Tariffs for unreserved postal services are set by the market. NamPost is not permitted to cross-subsidize the prices of any unreserved postal services from the sales revenue of reserved postal services. In Namibia's Postal Policy (2009),

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[48] ITU online information.

[49] Paratus is a 100% privately owned Namibian company.

[50] Viewed at: https://www.telegeography.com/products/commsupdate/articles/2014/10/03/government-separating-mtc-and-telecom-namibia-ownership/.

[51] Viewed at: http://www.budde.com.au/Research/Namibia-Telecoms-Mobile-and-Broadband-Market-Insights-and-Statistics.html.

Government recognizes the impact of technological advances on postal services and charges NamPost with expanding its services into hybrid electronic services. All post offices have access to electricity and 94% have access to internet services.

4.131. NamPost also runs a savings bank. Since 2009 NamPost has diversified its portfolio in response to declining mail volumes. Postal services and courier contributed 98% and 3%, respectively, to NamPost's profits in 2009.[52] In 2013, this contribution changed to 53% and 13%, with financial services accounting for 34%. The average post office density remains relatively high at 15,400 people per post office compared to the international standard of 12,000 people per post office.[53]

4.7.1.2 Developments in regulation

4.132. The MICT is responsible for formulating telecommunications policies. The Communications Act 2009 (Act No. 8, 2009) establishes the general framework governing the opening of the telecommunication sector in Namibia to competition and provides for the regulation of telecoms services and networks, broadcasting, postal services and the use and allocation of radio spectrum. It also provides for the establishment of an independent regulatory authority (CRAN), replacing the former Namibian Communications Commission. The Act contains provisions on licensing, interconnection, sharing of infrastructure, spectrum management, numbering, consumer protection and universal service. Tariffs for fixed, mobile and other telecommunications services are set by operators and approved by CRAN.

4.133. CRAN's responsibilities include the granting (and suspension) of licences, regulation of interconnection tariffs, implementation of a transparent and fair pricing regime that facilitates competition on a wide variety of services, and managing the Universal Service Fund. All operators in the telecommunications market require a licence issued for a fixed term by CRAN. CRAN uses a progressive regulatory levy formula for licence fees, according to which the percentage of turnover payable as a levy is based on a formula that caps the maximum percentage at 1.5%.[54] In addition to the progressive levy formula all licensees pay an annual licence fee. Interconnection fees are regulated and are among the lowest in Southern Africa.

4.134. CRAN has created a regulatory framework for digital terrestrial television (DTT). This involved the creation of additional broadcasting service categories for multiplex operators, class comprehensive multiplex and signal distribution operators, in accordance with the Digital Terrestrial Television Policy Guidelines published in November 2013. Licensing conditions for the new broadcasting service categories have been finalized. At present DTT services are provided by the national broadcaster (NBC) and Multichoice Namibia (Pty) Ltd. Namibia has commenced the switch off of analogue television services to meet the international cut-off date of 17 June 2015.

4.135. CRAN's Strategic Plan for the period 2012-15 focuses on six areas: market development and expansion; fair competition; spectrum management; universal service; consumer advocacy and protection; and monitoring, compliance and enforcement. CRAN is currently in the process of drafting regulations to give effect to the Communications Act in respect of universal service and access. Further action will be taken once Part VI of the Communications Act has been enabled by the Minister of ICT.

4.136. In April 2013, a general policy guideline on universal access and service in communications came into effect. All operators are obligated to contribute on an annual basis to a universal access fund based on their audited percentage of revenue. The goal is to provide a 98% level of universal access (and 95% level of universal service) in respect of telephony, broadcasting and broadband services within a period of 10 years or less for individuals, households, businesses and marginalized groups throughout Namibia. A universal service report will be prepared on an annual basis once Part VI of the Communications Act has been enabled and regulations in this respect have been finalized.

[52] Its financial services arm accounted for a loss of 1%.
[53] Nampost Annual Report 2012-2013.
[54] The percentage levy increases evenly from 0% to 1.5% for turnover ranging from zero to N$1 billion. Licensees with less than a N$1 billion turnover pay a low percentage while those exceeding this threshold pay the full levy.

4.137. A number of policies have been issued to modernize the ICT environment: an Information Technology Policy (2008), Telecommunications Policy (2009), Broadcasting Policy (2009), Postal Policy (2009), a Universal Access and Service Policy for Information and Communications Technologies (2012), and Digital Terrestrial Television Policy Guidelines (2013).

4.138. The Information Technology Policy lays out the framework for Namibia's IT sector. The Namibian IT market is fully deregulated. Government assumes responsibility for the overall policy functions and legal framework of the IT industry. The regulatory authority whose board is appointed by the Minister of ICT has jurisdiction on licensed telecommunications service providers.

4.139. The Telecommunications Policy lays out the roles and structure within the ICT sector, and policies with regard to competition, consumer protection and standards, regulatory framework, and ownership and foreign participation. The Government committed to move towards a service and technology neutral licensing approach. In a converged ICT environment, the regulatory authority issues licences for electronic communications services (ECS) and electronic communications network services (ECNS). The migration to a service neutral licensing environment was required in order to accommodate technological convergence and promote effective competition.

4.140. The Broadcasting Policy is the first since Namibia's independence. The Policy outlines the establishment of an enabling framework for broadcasting sector development in Namibia, including the roles of Government, the regulatory authority, industry and consumers; and details of competition, consumer protection and standards, ownership and foreign participation in the sector, and cross-media ownership.

4.141. The Digital Terrestrial Television Policy Guidelines facilitate the migration from analogue to digital terrestrial television and appoint the national broadcasters as the common carrier for free-to-air commercial and community television broadcasters.

4.7.2 Banking, finance, and insurance

4.7.2.1 Banking services

4.142. The banking system comprises six commercial banks (First National Bank of Namibia, Standard Bank Namibia, Nedbank, Bank Windhoek, SME Bank[55] and E-Bank Limited[56]) and one microfinance bank (Fides Bank), which was acquired by Trustco Group in 2014 and whose operations remain relatively small in comparison to that of the commercial banks. These banks are the primary mobilizers of funds from the public and the main sources of financing, which support business operations and economic activities in Namibia. In 2014, the Bank of Namibia granted provisional banking licences to Angolan-owned Banco BIC and Banco Privado Atlantico (to establish branches) and to Botswanan-owned Letshego (to establish a bank).

4.143. The total banking sector balance sheet amounted to N$87.2 billion at 31 December 2014 representing a year-on-year increase of 13.2%. Total loans and advances accounted for 76.9% of the banking sector's total assets, increasing from 74.5% in 2013. Cash and balances accounted for 9.3% during 2013, increasing slightly to 9.5% in 2014. Demand deposits grew by N$4.1 billion to N$37.7 billion whilst the fixed and notice deposits increased by N$2.1 billion. The non-bank funding (deposits) comprised 79.9% of the banking sector's total funding, while equity capital and bank funding represented 10.3% and 4.0% of total funding, respectively.

4.144. Total qualifying capital grew from N$8.3 billion to N$9.4 billion between end-December 2013 and 2014. The growth in qualifying capital was mirrored by the significant growth in tier 1 capital, which increased by N$1.0 billion to N$7.6 billion during 2014.

4.145. The wholly state-owned banks in Namibia are Agribank (N$1.95 billion in assets as of end-March 2013) and the Development Bank of Namibia (N$2.37 billion in assets as of end-2013).

[55] SME Bank was established in 2012 with the majority of its ownership held by the Government of Namibia.

[56] E-Bank (equally owned by Namibia's Pointbreak and South Africa's Tyme Capital), was granted a final licence in 2014.

4.146. The Bank of Namibia licences all banks. The Banking Institutions Amendment Act, 2010 (Act No. 14 of 2010) amending the Banking Institutions Act, 1998 (Act No. 2 of 1998) includes provisions for consolidated supervision of financial entities (under the Bank of Namibia and NAMFISA); for the registration of controlling companies of banking institutions; to authorize foreign banking institutions to open branches in Namibia; to enable the Bank of Namibia to object to the appointment of directors, principal officers and executive officers at banking institutions; to authorize the Bank to determine minimum capital funds in respect of banking institutions or banking groups; to confer authority on the Minister of Finance to regulate the ownership of banking institutions and their controlling companies; and empowers the Bank of Namibia to determine administrative fines to address issues of non-compliance with banking laws. The minimum capital requirement to establish a bank in Namibia is determined by the Bank of Namibia (the previous minimum capital requirement of N$10 million has been removed under the Amendment Act). The minimum capital threshold is established on the basis of the risk-weighted assets of the banking institution, and the size and complexity of its business model and infrastructure, and may not amount to less than 10% of risk-weighted assets.

4.147. The Bank of Namibia migrated to Basel II as a regulatory standard for capital adequacy in January 2010. Accordingly, all banking institutions in Namibia have since implemented the standardized approach to the measurement and calculation of capital charges for credit, operational and market risks. The Bank of Namibia has finalized and approved the position paper on the implementation of Basel III which takes into consideration the feasibility, impact and readiness of the country.

4.148. Interest rates in Namibia are set by market players. The prime rate, being the reference rate, changes in line with the corresponding changes to the repo rate (policy rate), which is set by the Bank of Namibia.

4.149. The Namibian banking industry completed the Namclear Automated Clearing House Project during 2013 by localizing the card clearing systems. This project will enable the Namibian banking industry to maintain a modern, streamlined, and cost-effective payments infrastructure. In an effort to ensure the protection of financial services consumers, a Code of Banking Practice and Guidelines for Lodging Customer Complaints with the Bank of Namibia were launched in 2013.

4.150. In 2010, the Payment System Management Act, 2003 (Act No. 18 of 2003) was amended to include the following key changes: determination of standards for user fees and charges for payment services; criminalization of the possession of devices used to counterfeit or clone a payment instrument; and provision for administrative penalties in case of non-compliance with the Payment System Act. In 2010, the cheque item limit was reduced from N$5 million to N$500,000. Other regulatory changes introduced since 2012 include: provision of a legal framework for non-banks to issue electronic money in Namibia; a requirement that domestic transactions be acquired by a domestic financial institution and go through the domestic switch; standards setting for basic bank accounts and cash deposit fees; access criteria through which banks and non-banks may apply to participate in the clearing and settlement systems; and provision for principles for efficiency within the national payment system.

4.151. The Financial Intelligence Act 2012 (Act No. 13 of 2012), which repeals the Financial Intelligence Act 2007, provides *inter alia* for the establishment of the Financial Intelligence Centre as the national centre responsible for collecting, requesting, receiving and analysing suspicious transaction and activity reports which may relate to money laundering or the financing of terrorism; and for the establishment of the Anti-Money Laundering and Combating of the Financing of Terrorism Council. Regulations for the Financial Intelligence Act are available on the Bank of Namibia's website.[57]

4.152. Credit bureau regulations introduced in July 2014 provide for the registration and licensing of credit bureaux which provide information on firms and individuals, such as credit applications and agreements, payment history or patterns, and credit performance information. Credit bureaux are licensed, regulated and supervised by the Bank of Namibia. Operators of credit bureaux are required to pay an annual licence fee of N$10,000. Thus far, three applications for registration as credit bureaux have been received and processed by the banking supervision department. Two applications have been finalized and recommended for provisional registration, subject to on-site

[57] Viewed at: https://www.fic.na/Downloads/Regulations/FIA-Regulations-Execmptions.pdf.

inspection. The third application was recommended for cancellation due to inadequate or lacking information.

4.153. The Unit Trusts Control Amendment Act 2011 (Act No. 10, 2011), amending the Unit Trusts Control Act 1981, improves regulation and supervision regarding the establishment, operation and management of unit trust schemes. Regulations relating to the Unit Trusts Scheme capital requirements were published in December 2014 and became effective in January 2015. The regulations deal with specific prudential standards and requirements that apply to unit trust management companies and unit trust portfolios in Namibia.

4.154. A Financial Services Ombudsman Adjudicator Bill and Consumer Credit Bill are being developed and are currently subject to intensive consultations with key stakeholders. The Financial Services Adjudicator Bill 2015 not only provides for the adjudication of complaints emanating from non-banking financial institutions and intermediaries, but also from banking and other institutions providing financial services as defined in Schedule 1 of the bill. In the bill, a "complaint" relates to an allegation that the financial services provider or its employee or representative: has contravened or failed to comply with a provision of the applicable establishing Act and that as a result the complainant has suffered or is likely to suffer financial prejudice or damage; has wilfully or negligently provided a financial service to the complainant which has caused prejudice or damage to the complainant or which is likely to result in such prejudice or damage; and has provided wrong or unprofessional advice in relation to a financial service to the complainant; or has treated the complainant unfairly. The Adjudicator Bill is envisaged to be promulgated into law during 2015.

4.155. With regard to the Consumer Credit Bill, the authorities point out that the current legislation on consumer credit is outdated, and therefore renders the regulatory framework ineffective and inefficient in regulating unfair market conduct against the providers of financial services. The provisions of the bill aim at protecting consumers of credit against unfair market conduct from providers of consumer credit services and products. In addition, the Bill aims at establishing an optimal way to reform a fragmented regulatory and supervisory oversight function on the market conduct of consumer credit currently falling under the mandate of different legislation and institutions. Other areas of concern in the on-going debate include, *inter alia*, consumer indebtedness and loan defaults, in some cases believed to be associated with loan extension done without proper client affordability assessment. Consultations on the bill began in 2015; promulgation might not be possible in 2015 due to remaining processes.

4.156. The Public Finance Management Bill is being redrafted in order to take advantage of new developments in financial management. The new bill is expected to be finalized during the course of 2015.

4.157. Namibia has one of the most developed financial systems in Africa, but significant limitations remain. The World Economic Forum's 2013/14 Global Competitiveness Report ranked the country 55th out of 144 countries in the availability of financial services (behind only South Africa, Mauritius, and Rwanda in sub-Saharan Africa). Namibia benefits from close ties with South Africa, and its banking institutions remain sound, profitable, and adequately capitalized. As a result of its strong financial foundation, the banking system has remained resilient to shocks emanating from the global and Eurozone financial crisis. Namibia's financial system is flush with investible funds as 35% of all pension fund assets must be invested domestically. Although better than in most African countries, the financial sector is characterized by deficiencies, including limited competition and a high concentration of majority-owned South African commercial banks (three out of six), insufficient financial products in the bond market, a relatively illiquid secondary market, and limited trading on the Namibian Stock Exchange.[58]

4.7.2.2 Insurance

4.158. The Namibia Financial Institutions Supervisory Authority (NAMFISA) regulates and supervises the non-banking financial sector. This includes the Namibian Stock Exchange; long-term insurance; short-term insurance; asset management; unit trusts (collective investment schemes); pension funds; medical aid funds; public accountants and auditors; stock exchanges and stock brokers; brokers and agents of insurance companies and moneylenders. The NAMFISA

[58] African Development Bank, *Namibia: Country Strategy Paper 2014-2018*, February 2014.

and Financial Institutions and Markets (FIM) Bill, which will provide NAMFISA with stronger regulatory and supervisory powers, has been drafted and is expected to enter the promulgation process in 2015.

4.159. NAMFISA is continuing the development of a risk-based supervisory framework. NAMFISA has created a ladder of intervention comprising five stages of supervisory intervention. The stages vary from Stage 1 signifying no major problems to Stage 5, signifying that the entity is no longer viable or insolvency is imminent. The NAMFISA Electronic Regulatory System was introduced in June 2011 and enables regulated entities to submit quarterly data and biannual returns electronically.

4.160. NAMFISA supervises long- and short-term insurance institutions in accordance with the Short-term Insurance Act No. 4 of 1998 and the Long-term Insurance Act No. 5 of 1998. All insurers and reinsurers must be registered in accordance with these Acts. Short-term reinsurance policies should be covered by insurers located in Namibia unless local insurers lack the capacity to provide cover. Table 4.12 shows the number of registered entities and asset value of Namibia's insurance market as of 2013. Access, especially to short-term insurance services, remains very low for much of the population.[59] NamibRe, a state-owned corporation established by the NamibRe Act (Act no. 22 of 1998), is the only state-owned insurance company. Its mandate is to provide reinsurance services and to minimize the placement of insurance and reinsurance business outside the borders of Namibia.

4.161. A company can provide both long-term and short-term insurance services, but needs to comply with the capital adequacy requirements in both sectors. Insurance premiums are set by companies and approved by NAMFISA. Insurance companies set their premiums, then submit them to NAMFISA for approval. Factors that are considered include inflation and risk profiling. Car and house insurance are compulsory. Insurance is also compulsory when one takes out a loan from a bank. No Namibian insurer can cover risks located abroad, or vice versa.

Table 4.12 Registered insurance entities and asset value as of end December 2013

Institution	Registered entities	Assets (N$ million)
Long-term insurance companies (intermediaries)	16 (2265)	36,424
Short-term insurance companies (intermediaries)	12 (572)	3,461
Reinsurers	2	-
Medical aid funds	9	1,002
Pension funds	111	105,267
Collective investment schemes	13	37,267
Investment managers	28	123,322
Microlenders	273	2,616
Stock exchanges	1	
Stock brokers	4	
Friendly societies	2	
Total	471 (2837)	

Source: NAMFISA Annual Report 2014.

4.162. Capital adequacy ratios in the long-term insurance industry in Namibia remain robust with an industry coverage ratio of 5.7 for 2013, up from 4.8 in 2012. Gross premium income has grown over the period reviewed (Table 4.13). Gross premium income for long-term insurance grew 44% between 2009 and 2013, while for short-term insurance the figure was 59%.

Table 4.13 Gross premium income for long- and short-term insurance, 2009-13

(N$ million)

	2009	2010	2011	2012	2013
Long term insurance	4,430	4,461	4,953	5,810	6,388
Short term insurance	1,756	2,029	2,139	2,444	2,788

Source: NAMFISA Annual Report 2014.

[59] Ministry of Finance, *Namibia Financial Sector Strategy: 2011-2021. Towards Achieving Vision 2030*.

4.7.2.3 Other financial services

4.163. The Pension Funds Amendment Act 2011 amends the Pension Funds Act, 1956, so as to empower the Minister to make regulations prescribing the minimum or maximum amount and category of assets which a pension fund may invest in or outside Namibia and prescribes administrative penalties for contravention or failure to comply with certain regulations. Regulations under the new FIM Bill would allow pension funds to invest a minimum of 1.75% and a maximum of 3.5% of their total assets in unlisted investments. These regulations also provide that the maximum percentage of a pension fund's total assets acquired in a company incorporated outside Namibia that qualify as domestic assets (dual-listed) will be reduced from 30% at the beginning of January 2014 to 10% as of 2018.

4.164. The criteria which must be fulfilled in order to list on the Namibian stock exchange (NSX) include share equity amounting to N$1 million, a minimum of one million shares in issue, a profitable trading record for three years, a current annual audited profit of at least N$500,000 before taxation and interest, a minimum of 20% of shares held by the public and a minimum of 150 shareholders. All applications must to be brought through a Namibian sponsor. As of 31 December 2013, a total of 34 companies were listed on the NSX. The market capitalization of the NSX increased by 3.7% from N$1,357 billion in December 2012 to N$1,408 billion in December 2013. The stock exchange is a self-regulatory organization and regulates the activities of its members, i.e. stockbrokers.

4.7.3 Transport

4.165. The Department of Transport is responsible for transport by road, rail, air and sea and is divided into six directorates dealing with civil aviation, aircraft accident investigations, maritime affairs, railway affairs, transportation infrastructure management, and transportation policy and regulation. Government investment in infrastructure development as a percentage of GDP hovers around 5%.

4.7.3.1 Road

4.166. Namibia has an extensive and well maintained road network and is investing in new roads whilst maintaining existing ones. The national road network totals 46,376 km, of which 7,165 km are paved, 35,000 km is gravel road and 4,211 km is earth road.

4.167. The Ministry of Works and Transport is responsible for transportation policy, regulation and legislation relating to the road network and road charges. The construction and maintenance of Namibia's road sector falls under the Roads Authority. The Roads Authority outsources the construction of national roads with tenders open to any applicant that meets tender specifications. Preference is given to local entities that have expertise in road construction, employ local people, and have a good standing tax certificate.

4.168. Funding for the road system is provided by the Road Fund Administration (RFA) which was established in 2000. The RFA, which reports directly to the Ministry of Finance, is also responsible for the management of the Road Fund. The following information is available on the Road Fund Administration's website: rates for motor vehicle registration and licence fees; entry fees in relation to foreign motor vehicles; travelling distance charges; fuel levies; cross-border charges; and mass distance charges.[60] In addition, abnormal load fees are levied on vehicles of which the dimensions and/or mass exceed legal limits. Fines and compensation for damage to roads are paid into the Road Fund.

4.169. Foreign road operators are required to obtain a cross-border charge permit of N$50 to transport goods across the border. The charge is under review with a view to increasing it.

4.7.3.2 Rail

4.170. Railway constitutes an important element of Namibia's transport infrastructure, especially for bulk freight. Rail in Namibia transports in excess of 1.8 billion tonnes of freight every year and

[60] Viewed at: http://www.rfanam.com.na.

a substantial number of passengers. The railway network comprises 2,382 km of narrow gauge track. An acute shortage of locomotives has led to recent failure to cope with demand. Tonnage transported fell to 2.10 million tonnes in 2013 from 2.34 million tonnes in the previous year. Challenges faced in the sector include ageing locomotives and rolling stock, dilapidated railway infrastructure and outdated equipment that contribute to escalating costs, high maintenance costs and unreliable services delivery.

4.171. The state-owned holding company Transnamib is responsible for the rail network, as well as for passenger and freight services. It is the only rail service provider in Namibia and owns the locomotives and carriages, while the State owns the rail network.

4.172. In March 2014, Namibia and Botswana signed an agreement to construct the 1,500 km Trans-Kalahari railway which will help to open up the coal fields of the eastern region of Botswana and provide a cost-effective supply chain solution to move coal and other commodities to the port of Walvis Bay. The railway and associated infrastructure, which will cost between US$9bn and US$10 billion to build, is expected to become operational in 2019. Financing will be sought from the private sector.

4.7.3.3 Sea

4.173. Namibia has two main ports: the main one in Walvis Bay and another in Lüderitz. The ports are owned by the Government and administered by the parastatal Namibian Ports Authority (NamPort). The Namibian Government is investing heavily and partnering with the private sector in its port and transport infrastructure upgrade programmes in an attempt to position the country as a competitive regional cargo hub and logistics centre for sub-Saharan Africa. Critical to this objective is the development of a second container terminal at Walvis Bay. The new Namport Container Terminal (NCT), which is being developed on 40 ha of land, is one of the most critical elements in the Government's plan to raise the country's trading profile. NCT will add 600 m of quay to the port's existing 1.5-km wharfage line, raising its overall container handling capacity to slightly over one million TEU[61] a year. Currently, Walvis Bay's annual design throughput is in the 350,000 to 400,000 TEU range.

4.174. NamPort is also planning to build a new cargo-handling complex 5 km north of Walvis Bay. Dubbed the Southern African Gateway Port (SAGP), it will eventually comprise 10 km of berthing line and have the capacity to process up to 100 million tonnes of bulk cargo a year. This will cater for a significant increase in import and export volumes and commodities to and from landlocked SADC countries. SAGB will be financed with a mix of state funding and private investment and be developed over several phases. To date, the Government has pledged N$1.5bn for the construction of the oil storage facility which is expected to be completed during 2018. The new container terminal and associated developments are expected to permit a doubling in volumes by 2017.

4.175. NamPort is also constructing a new marine petroleum offloading facility in Walvis Bay. The new tanker berth will be constructed to accommodate larger tanker vessels/fuel carriers. NamPort is looking into reforming the legal framework for ports with a view to implementing a more competitive structure based on best practice, which may ultimately culminate in the separation of the authority and operations functions of NamPort. This process is under way and is expected to be completed soon.

4.176. A number of private companies provide liner services. A number of private freight forwarders operate in Namibia's ports. They must meet sea worthiness requirements and adhere to customs transit procedures. Entry into shipping is subject to specifications that determine cabotage restrictions. Foreign vessels may operate domestic services between Walvis Bay and Lüderitz without a permit provided they meet sea worthiness requirements. Prices for maritime transport services are set by the market rather than being based on the size of the foreign vessel.

4.177. NamPort's handling of cargo and containers increased considerably during the period under review (Table 4.14). The main commodities landed at the port of Walvis Bay are petroleum,

[61] Twenty foot equivalent.

vehicles, sulphuric acid, copper/lead, fish products and cement, while the main products shipped are salt, fish products, copper/lead and concentrates and manganese ore.

Table 4.14 Cargo and containers handled at Namibian ports, FY 2008/09-2013/14

(Tonnes, TEU)

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Cargo						
landed	3,120,887	2,778,265	3,075,836	3,348,481	..	..
shipped	1,438,950	1,447,240	1,583,045	1,638,183	..	..
transhipped	824,044	1,023,476	871,886	1,535,541	..	..
Total cargo handled	5,383,880	5,248,981	5,530,767	6,522,205	..	..
Containers						
landed, TEU	55,458	51,409	53,526	67,514	..	..
shipped, TEU	56,040	48,792	43,439	52,034	..	..
transhipped, TEU	154,165	156,118	126,723	217,586	..	..
Total containers handled	265,663	256,319	223,688	337,134	..	..

.. Not available.

Source: NamPort.

4.7.3.4 Air

4.178. Hosea Kutako International Airport in Windhoek (HKIA) is the nation's main gateway, located about 40 km east of the city. The airport caters for all regional and intercontinental services as well as three coastal domestic destinations, Walvis Bay, Luderitz and Oranjemund. Hosea Kutako is served by just four carriers; South African Airways, British Airways, TAAG and Air Namibia. Other major airports include Walvis Bay and Keetmanshoop, which are both equipped for wide-bodied aircraft. Small airports include Rundu, Mpacha, Ondangwa, Oranjemund, Swakopmund and Eros. Airports are owned by the Government and managed by the Namibia Airports Company (NAC).

4.179. Crucial capital projects were carried out in the area of airport service infrastructure over the last five years. These include the upgrading and renovation of the terminal building and extension of public parking at HKIA. The NAC is planning to construct a new terminal building and a second runway which will accommodate larger aircrafts and more passengers, with the intention of upgrading HKIA to meet the requirements for 4F international classification.[62]

4.180. Air Namibia operates a network of 17 destinations. Its network is largely focused on Southern Africa including eight domestic destinations and a similar number of regional destinations. It also operates a daily service to Frankfurt. Air Namibia has a monopoly on its routes to Harare and Lusaka. In August 2011, Air Namibia received a N$1.6-billion government bailout package to fund a five-year turnaround plan. As part of this plan, Air Namibia completed a rationalization of its schedule in 2013 to bring capacity into line with demand across its network.

4.181. A number of international airlines provide regular services to Windhoek under various agreements. Most foreign carriers have third and fourth freedom rights. In February 2015, flyafrica.com began the operation of daily flights from Windhoek to Johannesburg with plans to extend the network to Zambia, Zimbabwe and Botswana.

4.182. Namibia is a signatory to the Yamoussoukro Decision relating to the liberalization of access to air transport markets in Africa. In line with this Decision, it has signed reciprocal agreements with South Africa, Zambia, the Republic of the Congo, Zimbabwe and the United Kingdom.

4.7.4 Tourism

4.183. Tourism makes a significant contribution to Namibia's GDP and employment. In 2013, travel and tourism directly contributed 3% to GDP and 24,000 jobs (4.5% of total employment). With regard to the long-term growth potential for the period 2014-24, the World Travel and Tourism Council ranks Namibia among the world's fastest growing tourist destinations, with

[62] Bank of Namibia (2014).

expected annual growth rates of 9.1% in terms of travel and tourism's direct contribution to GDP.[63]

4.184. The National Tourism Policy was approved in December 2008. The Government recognizes tourism as a priority economic activity and its contribution to national development given its extensive multiplier effect and its role as an export business and generator of foreign exchange. The responsibility of planning and coordinating tourism development rests with the Ministry of Environment and Tourism. The Namibian Tourism Board (NTB), established under the Namibia Tourism Board Act (No. 21 of 2000) is responsible for regulating the industry. Namibia has no restrictions related to market access or national treatment with respect to any modes of supply for hotels and restaurants or travel agencies and tour operators' services in its Schedule of Specific Commitments under the GATS.

4.185. Tour guides must be registered with the NTB. Registrations are valid for two years or another period to be determined by the Board. A tourism levy equivalent to 2% of accommodation and breakfast (or 1% on a full-board basis) is payable to the Namibia Tourism Board. Tourist activity operators must pay an application fee of N$1,000 plus N$250 for each vehicle, vessel or aircraft used, up to a maximum of N$10,000 (foreign tour operators pay N$10,000 plus N$500 for each vehicle registered to operate in Namibia). Registration fees are N$50 for each vehicle, vessel or aircraft used, to a maximum of N$2,000 for domestic operators (for foreign tour operators N$2,000 plus N$100 for each vehicle registered for conveying clients in Namibia).

4.186. Prices in the tourism industry are market determined. Taxation of tourism providers follows the normal provisions for taxation, i.e. companies or closed corporations pay 33% tax on profits while sole proprietors and partnerships pay income tax at the standard rates.

4.187. For the purposes of registration in terms of section 20 of the Namibia Board Act, 2000 (Act No. 21 of 2000), accommodation establishments are divided into the following 13 classes: backpackers' hostels; bed and breakfast establishments; campsites; camping and caravan parks; guest farms; guest houses; hotels; hotel pensions; lodges (other than tented lodges); resorts; rest camps; self-catering establishments; and permanent tented camps and tented lodges.

4.188. Under Namibia's GATS Schedule, there are no restrictions on foreign ownership of hotels and restaurants in Namibia.

4.189. Namibia Wildlife Resorts is a state-owned enterprise, mandated to run the tourism facilities within the protected areas of Namibia. The company was created through the Namibia Wildlife Resorts Company Act and has been in existence since 1998. The Namibian Government is also a shareholder in two hotels: the Windhoek Country Club and Resort and the Swakopmund Hotel and Entertainment Centre.

4.190. The total number of tourist arrivals increased over the period reviewed (Table 4.15). Although the number of European tourists declined over the period due to the effects of the global economic crisis, arrivals from the region increased.

Table 4.15 Tourism indicators, 2008-13

	2008	2009	2010	2011	2012	2013
Direct employment	20,700	21,100	21,500	21,900	22,900	23,100
Number of tourists by nationality:						
Angola	310,395	309,127	296,825	361,480	379,842	426,025
South Africa	243,038	285,779	277,655	272,930	269,393	277,182
Germany	81,543	81,974	87,072	79,721	80,127	79,551
Zambia	50,248	54,333	54,229	61,120	80,515	98,792
Zimbabwe	29,281	31,842	37,667	42,945	54,020	56,566
United Kingdom	28,111	28,039	25,717	21,584	21,035	23,185
Total	742,616	791,094	753,498	839,780	884,932	961,301
Mode of travel:						
Air	237,261	286,170	282,355	281,468	291,256	320,685
Road	648,901	676,047	686,483	730,442	761,245	843,700

[63] World Travel and Tourism Council (2014).

	2008	2009	2010	2011	2012	2013
Rail	-	-	-	-	-	-
Sea and river	8,948	-	-	-	-	-
Other	-	17,957	15,260	15,320	10,165	11,657

Source: Ministry of Environment and Tourism.

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5 APPENDIX TABLES

Table A1.1 Merchandise imports by product group, 2008-13

(US$ million and %)

	2008	2009	2010	2011	2012	2013
Total (US$ million)	4,689	6,208	5,980	6,457	7,132	7,575
			(% of total)			
Total primary products	29.2	24.6	27.1	27.4	32.7	32.4
Agriculture	14.7	15.4	15.5	14.8	13.6	13.6
Food	14.0	14.8	14.9	14.1	13.0	13.0
0611 Sugars, beet/cane, raw, solid, no added flavour/colour	0.0	1.1	1.2	1.1	1.0	0.8
1121 Wine of fresh grapes (including fortified wine)	0.3	0.3	0.3	0.3	0.6	0.8
0819 Food waste, animal feeds, n.e.s.	0.5	0.5	0.6	0.5	0.8	0.7
0449 Other maize, unmilled	0.2	0.2	0.3	0.2	0.3	0.7
1122 Fermented beverages, n.e.s. (e.g., cider, perry, mead)	0.1	0.2	0.2	0.2	0.5	0.6
Agricultural raw material	0.7	0.5	0.6	0.7	0.6	0.6
Mining	14.6	9.3	11.6	12.7	19.1	18.8
Ores and other minerals	0.6	0.7	1.1	1.6	5.6	6.8
2831 Copper ores and concentrates	0.0	0.0	0.0	0.0	4.9	6.3
Non-ferrous metals	0.4	0.8	1.3	2.1	1.5	2.2
6821 Copper anodes; alloys, unwrought	0.2	0.6	1.1	1.9	1.3	2.1
Fuels	13.6	7.7	9.2	9.0	12.0	9.9
Manufactures	70.4	74.4	72.5	72.3	67.1	67.4
Iron and steel	2.0	2.5	2.3	2.3	2.2	1.9
Chemicals	10.9	9.8	10.6	11.6	9.2	8.3
5429 Medicaments, n.e.s.	1.7	1.6	1.6	1.8	1.4	1.1
Other semi-manufactures	14.4	13.8	14.7	15.0	14.7	14.1
6672 Diamonds (excl. industrial, sorted) not mounted/set	2.8	1.7	3.1	2.7	5.0	5.4
6924 Reservoirs, tanks, vats of iron, steel or aluminium, <= 300 litres	0.7	1.0	1.0	0.9	1.2	0.9
6996 Articles iron or steel, n.e.s.	1.0	0.9	0.9	0.8	0.8	0.8
Machinery and transport equipment	31.1	35.0	32.2	30.7	30.6	33.0
Power generating machines	0.6	0.5	0.7	0.8	0.4	0.4
Other non-electrical machinery	8.7	9.5	8.7	8.0	7.2	7.7
7232 Mechanical shovels, etc., self-propelled	0.9	0.4	0.5	0.5	0.5	1.3
7283 Other mineral working machines	0.9	0.7	0.7	0.6	0.6	0.7
Agricultural machinery and tractors	0.4	0.3	0.4	0.6	0.6	0.3
Office machines and telecommunication equipment	4.1	4.7	3.8	3.8	3.2	3.7
7643 Radio or television transmission apparatus	0.8	0.8	0.8	0.9	0.6	0.7
Other electrical machines	3.1	5.5	3.9	3.4	2.8	2.7
Automotive products	11.7	12.4	12.5	12.1	10.7	10.5
7812 Motor vehicles for the transport of persons, n.e.s.	6.1	7.1	6.9	6.5	5.9	5.0
7821 Goods vehicles	3.0	2.8	2.7	2.9	2.4	3.4
7843 Other motor vehicle parts and accessories of 722, 781 to 783	1.5	1.5	1.7	1.7	1.4	1.3
Other transport equipment	2.9	2.5	2.6	2.7	6.2	8.0
7935 Special purpose vessels; floating docks	0.1	0.0	0.0	0.0	0.2	4.4
7937 Tugs and pusher craft	0.0	0.0	0.0	0.0	1.1	1.9
Textiles	1.9	1.6	1.3	1.4	1.0	0.9
Clothing	2.5	3.1	3.0	3.0	2.4	2.4
Other consumer goods	7.6	8.6	8.5	8.3	7.1	6.7
Other	0.4	1.0	0.3	0.3	0.2	0.2

Source: UNSD Comtrade database, SITC Rev.3.

Table A1.2 Merchandise exports by product group, including re-exports, 2008-13

(US$ million and %)

	2008	2009	2010	2011	2012	2013
Total (US$ million)	4,729	5,871	5,848	5,901	5,377	6,337
	(% of total)					
Total primary products	54.1	51.3	54.1	53.5	54.0	47.7
Agriculture	22.8	24.1	25.5	25.1	26.3	22.2
Food	22.3	23.7	24.8	24.4	25.5	21.4
0342 Fish, frozen (excluding fillets and minced fish)	6.9	6.1	5.5	6.7	8.3	7.9
0344 Fish fillets, frozen	2.0	3.4	5.0	3.9	3.3	2.6
1123 Beer made from malt (including ale, stout and porter)	2.4	3.0	2.8	2.9	3.0	2.4
0011 Bovine animals, live	0.8	1.1	1.7	2.1	1.2	1.4
0121 Meat of sheep or goats	0.9	1.0	1.2	1.2	1.0	0.7
0112 Bovine meat, frozen	0.9	1.0	0.8	0.9	0.7	0.6
Agricultural raw material	0.4	0.4	0.7	0.7	0.8	0.8
Mining	31.4	27.2	28.5	28.4	27.7	25.5
Ores and other minerals	21.6	17.3	16.8	14.5	18.4	17.0
2861 Uranium ores and concentrates	15.7	12.2	12.5	10.4	11.4	10.1
2831 Copper ores and concentrates	0.0	0.0	0.0	0.5	3.3	3.4
2875 Zinc ores and concentrates	1.5	1.7	1.8	1.2	0.8	1.5
2783 Sodium chloride, etc.	0.5	1.6	0.7	0.7	0.7	0.6
Non-ferrous metals	9.3	9.1	10.4	12.5	8.4	7.4
6861 Zinc and zinc alloy, unwrought	5.8	4.7	6.0	5.5	5.1	4.3
6821 Copper anodes; alloys, unwrought	3.3	4.3	4.3	6.9	3.3	3.1
Fuels	0.4	0.8	1.3	1.3	0.9	1.1
Manufactures	44.2	46.6	43.5	44.6	43.5	50.3
Iron and steel	0.3	0.2	0.3	0.2	0.4	0.3
Chemicals	0.8	1.1	0.9	0.7	2.6	0.6
Other semi-manufactures	18.0	17.5	22.1	23.6	27.0	22.9
6672 Diamonds (excl. industrial, sorted) not mounted/set	16.5	13.5	20.5	22.0	25.0	21.1
Machinery and transport equipment	6.1	7.5	6.4	8.3	11.0	24.0
Power generating machines	0.2	0.2	0.1	0.2	0.3	0.7
Other non-electrical machinery	1.7	1.8	1.6	1.5	2.6	2.5
Agricultural machinery and tractors	0.1	0.1	0.1	0.1	0.1	0.1
Office machines and telecommunication equipment	0.5	0.7	0.5	0.6	0.7	0.6
Other electrical machines	0.4	0.6	0.7	0.4	0.3	0.4
Automotive products	2.6	3.4	2.8	3.0	4.3	4.8
7812 Motor vehicles for the transport of persons, n.e.s.	1.5	2.0	1.6	1.3	1.9	2.3
7821 Goods vehicles	0.8	0.8	0.6	0.7	1.1	0.9
7843 Other motor vehicle parts and accessories of 722, 781 to 783	0.2	0.3	0.3	0.6	0.6	0.6
Other transport equipment	0.7	0.8	0.6	2.6	2.8	15.0
7935 Special purpose vessels; floating docks	0.0	0.0	0.0	0.0	0.1	9.7
7937 Tugs and pusher craft	0.0	0.0	0.0	0.0	1.4	4.4
Textiles	0.2	0.4	0.3	0.3	0.3	0.3
Clothing	0.1	0.2	0.2	0.2	0.2	0.1
Other consumer goods	18.7	19.7	13.4	11.4	1.9	2.0
Other	1.7	2.1	2.5	1.9	2.5	2.0

Source: UNSD Comtrade database, SITC Rev.3.

Table A1. 3 Merchandise imports by origin, 2008-13

(US$ million and %)

	2008	2009	2010	2011	2012	2013
Total (US$ million)	4,689	6,208	5,980	6,457	7,132	7,575
			(% of total)			
America	3.0	2.6	2.9	2.4	1.1	3.1
United States	2.0	1.4	1.2	0.8	0.6	1.9
Other America	0.9	1.2	1.7	1.6	0.4	1.2
Peru	0.0	0.0	0.0	0.0	0.0	0.7
Europe	16.7	14.5	13.1	9.6	14.7	14.9
EU(28)	15.8	13.7	11.7	8.7	8.4	8.7
Denmark	0.1	0.1	0.1	0.2	0.1	1.6
United Kingdom	8.0	5.1	5.0	3.6	2.4	1.6
Germany	2.1	3.4	2.7	2.0	2.0	1.5
Italy	0.3	0.2	0.2	0.3	0.5	1.0
Bulgaria	0.0	0.0	0.0	0.0	0.0	0.6
The Netherlands	3.4	1.1	1.8	0.4	1.1	0.4
Latvia	0.0	0.0	0.0	0.0	0.0	0.4
Spain	0.5	0.4	0.4	0.4	0.4	0.3
France	0.4	0.6	0.4	0.6	0.4	0.3
EFTA	0.9	0.7	1.3	0.9	6.3	6.2
Switzerland	0.8	0.7	1.3	0.8	6.0	5.8
Norway	0.1	0.0	0.0	0.1	0.3	0.4
Other Europe	0.1	0.1	0.1	0.0	0.0	0.0
Commonwealth of Independent States (CIS)	0.2	0.1	0.6	0.1	0.2	0.0
Africa	70.0	72.0	75.6	80.2	75.1	68.5
South Africa	67.8	69.8	72.4	75.8	69.7	61.8
Botswana	0.3	0.3	0.3	0.5	1.6	2.5
Zambia	0.3	0.7	1.3	2.1	1.6	2.1
United Republic of Tanzania	0.0	0.0	0.0	0.0	0.8	1.2
Middle East	1.1	1.1	1.1	1.0	0.3	0.4
Asia	8.8	9.4	6.2	6.4	6.1	9.7
China	3.3	5.3	3.4	4.1	4.0	3.1
Japan	0.4	0.3	0.2	0.1	0.2	0.3
Six East Asian Traders	1.1	1.4	1.1	0.7	1.1	1.3
Chinese Taipei	0.0	0.1	0.0	0.0	0.0	0.5
Other Asia	4.0	2.4	1.5	1.5	0.8	5.0
Marshall Islands	0.0	0.0	0.0	0.0	0.0	4.1
India	3.5	2.1	1.1	1.2	0.5	0.7
Other	0.3	0.3	0.4	0.3	2.7	3.5
Memo:						
SACU	68.4	70.5	73.0	76.6	71.5	64.5

Source: UNSD Comtrade database.

Table A1.4 Merchandise exports by destination, including re-exports, 2008-13

(US$ million and %)

	2008	2009	2010	2011	2012	2013
Total (US$ million)	4,729	5,871	5,848	5,901	5,377	6,337
	(% of total)					
America	12.6	9.1	9.2	12.5	8.0	6.8
United States	5.5	4.5	4.6	7.0	3.7	3.4
Other America	7.1	4.6	4.7	5.5	4.3	3.4
Canada	7.1	4.3	4.2	4.8	4.0	3.1
Europe	33.1	26.1	36.7	36.9	39.2	27.9
EU(28)	28.9	25.4	35.7	35.6	35.2	18.1
France	2.7	2.5	4.2	2.3	3.9	3.6
Spain	5.1	5.0	4.9	4.2	4.0	3.3
Belgium	1.1	1.0	1.5	5.6	8.2	2.8
United Kingdom	15.0	10.4	12.6	14.4	11.7	2.1
Denmark	0.0	0.0	0.0	0.1	0.2	2.0
Italy	1.4	1.2	4.6	3.2	2.7	1.3
Germany	1.0	1.1	1.8	1.4	1.7	1.1
The Netherlands	1.6	2.4	4.0	2.7	0.7	0.7
EFTA	4.2	0.7	1.0	1.3	3.9	9.8
Switzerland	4.2	0.5	0.9	1.3	3.8	8.8
Norway	0.0	0.2	0.1	0.0	0.1	1.0
Other Europe	0.0	0.0	0.0	0.1	0.1	0.1
Commonwealth of Independent States (CIS)	0.1	0.2	0.1	0.1	0.0	0.1
Africa	43.7	51.4	42.9	41.5	40.6	55.0
South Africa	31.8	33.8	29.0	29.1	17.4	26.7
Botswana	0.5	0.9	0.7	0.7	6.8	13.7
Angola	8.6	11.3	9.6	8.3	9.3	7.4
D.R. Congo	1.1	1.1	1.2	1.6	1.9	2.3
Zambia	0.6	1.0	0.6	0.6	1.5	2.0
Mozambique	0.4	0.3	0.3	0.5	0.6	1.0
Zimbabwe	0.1	0.2	0.2	0.2	0.8	0.8
Middle East	1.5	0.5	1.3	0.8	0.7	0.8
Asia	8.6	10.4	5.0	3.7	6.8	5.4
China	5.2	4.9	2.9	2.2	2.7	2.3
Japan	0.2	0.3	0.9	0.2	0.1	0.1
Six East Asian Traders	2.9	4.3	0.6	0.9	3.4	2.4
Singapore	0.2	0.0	0.1	0.0	0.7	1.9
Other Asia	0.3	0.9	0.5	0.5	0.5	0.7
Other	0.5	2.3	4.8	4.5	4.6	4.0
Memo:						
SACU	32.4	34.8	29.7	29.8	24.2	40.4

Source: UNSD Comtrade database.